



Nam A Commercial Joint Stock Bank

Consolidated Financial Statements
for the year ended 31 December 2019



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**Nam A Commercial Joint Stock Bank
Bank Information**

Operation Licence No.	0026/NH-GP	22 August 1992
	The Operation Licence was issued by the State Bank of Vietnam and is valid for 99 years from the licence date.	
Establishment Licence No.	463/GP-UB	1 September 1992
	The Establishment Licence was issued by the People's Committee of Ho Chi Minh City.	
Business/Enterprise Registration Certificate No.	0300872315	1 September 1992
	The Business Registration Certificate has been amended several times, the most recent of which is by Enterprise Registration Certificate No. 0300872315 dated 2 December 2019. The initial Business Registration Certificate and its updates were issued by the Department of Planning and Investment of Ho Chi Minh City.	
Board of Management	Mr. Nguyen Quoc Toan Mr. Tran Ngo Phuc Vu Mr. Phan Dinh Tan Mr. Nguyen Quoc My Ms. Vo Thi Tuyet Nga Ms. Do Anh Thu	Chairman Vice Chairman Vice Chairman Vice Chairman Member Independent Member
Supervisory Board	Ms. Trieu Kim Can Ms. Nguyen Thi Thuy Van Ms. Nguyen Thuy Van	Chief Supervisor Member Member

**Nam A Commercial Joint Stock Bank
Bank Information (continued)**

Board of Directors	Mr. Tran Ngoc Tam Mr. Tran Khai Hoan	General Director Standing Deputy General Director (from 1 November 2019) Deputy General Director (until 31 October 2019) Deputy General Director Deputy General Director Deputy General Director (from 1 November 2019) Deputy General Director (from 1 November 2019)
	Ms. Vo Thi Tuyet Nga Mr. Le Quang Quang Mr. Hoang Viet Cuong	
	Mr. Nguyen Danh Thiet	
Chief Accountant	Ms. Nguyen Thi My Lan	
Legal Representative	Mr. Nguyen Quoc Toan	Chairman
Registered Office	No. 201 – 203 Cach Mang Thang Tam Street Ward 4, District 3, Ho Chi Minh City Vietnam	
Auditor	KPMG Limited Vietnam	

Nam A Commercial Joint Stock Bank Statement of the Board of Directors

The Board of Directors of Nam A Commercial Joint Stock Bank ("the Bank") presents this statement and the accompanying consolidated financial statements of the Bank and its subsidiary (collectively referred to as "the Group") for the year ended 31 December 2019.

The Bank's Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. In the opinion of the Bank's Board of Directors:

- (a) The consolidated financial statements set out on pages from 6 to 91 give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of operations and the consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting; and
- (b) at the date of this statement, there are no reasons for the Bank's Board of Directors to believe that the Bank and its subsidiary will not be able to pay their debts as and when they fall due.

The Bank's Board of Directors has, on the date of this statement, authorised the accompanying consolidated financial statements for issue.



On behalf of the Board of Directors

Trần Ngọc Tam
General Director

Ho Chi Minh City, 2 March 2020



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115 Nguyen Hue Street, Ben Nghe Ward
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders Nam A Commercial Joint Stock Bank

We have audited the accompanying consolidated financial statements of Nam A Commercial Joint Stock Bank ("the Bank") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated statements of income and cash flows for the year then ended and the explanatory notes thereto which were authorised for issue by the Bank's Board of Directors on 2 March 2020, as set out on pages 6 to 91.

The Board of Directors' Responsibility

The Bank's Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Auditor's Opinion

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of Nam A Commercial Joint Stock Bank and its subsidiary as at 31 December 2019 and of their consolidated results of operations and their consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting.

Emphasis of Matter

We draw attention to Note 3(d) and Note 6(i) to the consolidated financial statements which describe that the Bank temporarily classified loans to three people's credit funds under special supervision following the direction of the State Bank of Vietnam ("SBV") amounting to VND208,658 million as at 31 December 2019 (31 December 2018: VND49,417 million) as Current debts while awaiting for specific guidance from the SBV. Our opinion is not modified in respect of this matter.

KPMG Limited's Branch in Ho Chi Minh City

Vietnam
Audit Report No. 19-01-00582-20-2



Nguyen Thanh Nghi
Practicing Auditor Registration
Certificate No. 0304-2018-007-1
Deputy General Director

Ho Chi Minh City, 2 March 2020

Truong Vinh Phuc
Practicing Auditor Registration
Certificate No. 1901-2018-007-1

	Note	31/12/2019 VND million	31/12/2018 VND million
A ASSETS			
I Cash on hand, gold	4	945,670	463,755
II Balances with the State Bank of Vietnam	5	3,055,469	2,844,909
III Deposits with and loans to other credit institutions	6	11,795,654	9,866,059
1 Deposits with other credit institutions		11,586,996	9,866,059
2 Loans to other credit institutions		208,658	49,417
3 Allowance for loans to credit institutions		-	(49,417)
IV Held-for-trading securities	7	127,921	63,324
1 Held-for-trading securities		144,141	144,141
2 Allowance for held-for-trading securities		(16,220)	(80,817)
VI Loans and advances to customers		66,751,987	50,042,960
1 Loans and advances to customers	8	67,545,653	50,814,947
2 Allowance for loans and advances to customers	9	(793,666)	(771,987)
VIII Investment securities	10	7,424,193	9,041,087
1 Available-for-sale securities		4,331,101	3,836,046
2 Held-to-maturity securities		3,099,230	5,320,257
3 Allowance for investment securities		(6,138)	(115,216)
IX Capital contribution, long-term investments	11	110,220	114,145
4 Other long-term investments		115,280	117,280
5 Allowance for diminution in value of long-term investments		(5,060)	(3,135)
X Fixed assets		882,577	822,156
1 Tangible fixed assets	12	449,364	365,992
a Cost		810,012	679,679
b Accumulated depreciation		(360,648)	(313,687)
2 Finance lease fixed assets	13	33,141	39,075
a Cost		72,225	74,411
b Accumulated depreciation		(39,084)	(35,336)
3 Intangible fixed assets	14	400,072	417,089
a Cost		509,541	512,701
b Accumulated amortisation		(109,469)	(95,612)
XI Investment property	15	57,513	17,132
a Cost		57,513	17,132
b Accumulated depreciation		-	-
XII Other assets	16	3,536,231	1,783,477
1 Receivables		1,885,796	454,791
2 Accrued interest and fees receivable		1,315,261	1,177,679
4 Other assets		382,631	181,847
5 Allowance for losses on other assets		(47,457)	(30,840)
TOTAL ASSETS		94,687,435	75,059,004

The accompanying notes are an integral part of these consolidated financial statements

	Note	31/12/2019 VND million	31/12/2018 VND million
B			
LIABILITIES AND EQUITY			
LIABILITIES			
I			
Borrowings from the Government and the State Bank of Vietnam	17	1,512	1,770
II			
Deposits and borrowings from other credit institutions	18	11,721,118	12,302,498
1 Deposits from other credit institutions		11,244,350	10,799,106
2 Borrowings from other credit institutions		476,768	1,503,392
III			
Deposits from customers	19	70,744,212	54,187,107
IV			
Derivatives and other financial liabilities	20	4,718	-
V			
Grants and entrusted funds received	21	710,001	128,714
VI			
Valuable papers issued	22	4,412,123	2,605,723
VII			
Other liabilities	23	2,133,366	1,603,110
1 Accrued interest and fees payable		1,679,219	1,223,884
3 Other liabilities		454,147	379,226
TOTAL LIABILITIES		89,727,050	70,828,922
EQUITY			
VIII			
Equity	25	4,960,385	4,230,082
1 Capital		3,892,642	3,356,079
a Charter capital		3,890,053	3,353,494
b Capital for construction, purchases of fixed assets		10	10
c Share premium		2,554	2,550
g Other capital		25	25
2 Reserves		440,087	329,314
5 Retained profits		627,656	544,689
TOTAL EQUITY		4,960,385	4,230,082
TOTAL LIABILITIES AND EQUITY		94,687,435	75,059,004

	Note	31/12/2019 VND million	31/12/2018 VND million
OFF-BALANCE SHEET ITEMS			
2	Foreign exchange commitments	40	1,395,807
	<i>In which:</i>		513,700
	▪ Purchase commitments of foreign currencies	-	350,250
	▪ Sale commitments of foreign currencies	-	163,450
	▪ Commitments on currency swap transactions	1,395,807	-
4	Letters of credit	40	909,803
5	Other guarantees	40	345,143

2 March 2020

Prepared by



Nguyen Thi Thao
 Head of General Accountant

Reviewed by



Nguyen Thi My Lan
 Chief Accountant

Approved by



Tran Ngoc Tam
 General Director

	Note	2019 VND million	2018 VND million
1 Interest and similar income	26	7,120,834	5,246,705
2 Interest and similar expenses	26	(4,934,698)	(3,540,092)
I Net interest income	26	2,186,136	1,706,613
3 Fees and commission income	27	160,509	113,049
4 Fees and commission expenses	27	(87,144)	(60,525)
II Net fees and commission income	27	73,365	52,524
III Net gain from trading of foreign currencies	28	24,728	29,873
IV Net profit/(loss) from trading of held-for-trading securities	29	64,597	(68,594)
V Net gain from sales of investment securities	30	115,910	29,255
5 Other income	31	25,219	57,080
6 Other expenses	31	(24,888)	(12,568)
VI Net other income	31	331	44,512
VII Gain from capital contribution, share purchase	32	987	2,057
VIII Operating expenses	33	(1,553,650)	(1,154,419)
IX Net operating profit before allowance expenses for credit losses		912,404	641,821
X Allowance expenses for credit losses	34	12,142	101,142
XI Profit before tax		924,546	742,963
7 Corporate income tax expense – current	35	(192,757)	(151,689)
8 Corporate income tax expense – deferred	35	-	-
XII Total corporate income tax expense	35	(192,757)	(151,689)
XIII Profit after tax		731,789	591,274
XV Basic earnings per share (VND/share)	36	1,881	1,520

2 March 2020

Prepared by


 Nguyen Thi Thao
 Head of General Accountant

Reviewed by


 Nguyen Thi My Lan
 Chief Accountant

Approved by



 Tran Ngoc Tam
 General Director

The accompanying notes are an integral part of these consolidated financial statements

	2019 VND million	2018 VND million
CASH FLOWS FROM OPERATING ACTIVITIES		
01	6,985,174	4,836,778
02	(4,480,763)	(3,201,242)
03	74,168	51,938
04	138,608	63,040
05	(13,959)	(1,417)
06	8,913	42,472
07	(1,636,186)	(942,834)
08	(179,297)	(97,647)
	896,658	751,088
Changes in operating assets		
09	(159,241)	364,233
10	1,725,972	1,214,069
11	-	509
12	(18,343,706)	(14,469,407)
13	(124,749)	(7)
14	153,021	(57,220)
Changes in operating liabilities		
15	(258)	(321,698)
16	(581,380)	4,677,724
17	16,557,105	14,326,530
18	1,806,400	713,610
19	581,287	114,875
20	4,718	-
21	56,328	8,635
I	2,572,155	7,322,941


	2019 VND million	2018 VND million
CASH FLOWS FROM INVESTING ACTIVITIES		
01		
01	(144,900)	(101,843)
02	11,719	1,692
04		
04	(49,913)	(102)
05	21,496	38,458
08	2,000	-
09	987	2,057
II	(158,611)	(59,738)
CASH FLOWS FROM FINANCING ACTIVITIES		
01	14	12
04	(146)	(844)
III	(132)	(832)
IV	2,413,412	7,262,371
V	13,174,723	5,912,352
VII	15,588,135	13,174,723

2 March 2020

Prepared by


 Nguyen Thi Thao
 Head of General Accountant

Reviewed by


 Nguyen Thi My Lan
 Chief Accountant

Approved by



 Tran Ngoc Tam
 General Director

The accompanying notes are an integral part of these consolidated financial statements

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1. Reporting entity

(a) Establishment and operations

Nam A Commercial Joint Stock Bank ("the Bank") is a commercial joint stock bank incorporated in the Socialist Republic of Vietnam.

The Bank was established under Operation Licence No. 0026/NH-GP issued by the State Bank of Vietnam ("the SBV") on 22 August 1992, Establishment Licence No. 463/GP-UB issued by the People's Committee of Ho Chi Minh City on 1 September 1992 and initial Business Registration Certificate No. 0300872315 issued by the Department of Planning and Investment of Ho Chi Minh City on 1 September 1992 with 39th update on 2 December 2019. The Operation Licence of the Bank is valid for 99 years from the licence date.

The Bank's principal activities include mobilising short, medium and long-term deposits in the form of time deposits, demand deposits, deposit certificates; receiving funds; taking borrowings from other credit institutions; granting short, medium and long-term loans; discounting commercial papers, bonds and valuable papers; venturing capital and joint-venture; conducting payment transactions services; conducting foreign currency and gold trading transactions, international trade finance services, mobilising overseas sources of funds and other international banking services with overseas counterparties as approved by the State Bank of Vietnam; carrying out factoring activities; providing cash management services, banking and financial consulting, services of keeping and managing assets; renting safe boxes; trading government bonds, corporate bonds; entrusted lending and receiving entrusted funds; insurance agency services; providing credit facility under form of bank guarantees; purchasing debts; providing foreign exchange services on domestic and international markets within the scope stipulated by the State Bank of Vietnam; trading gold; renting out part of the Bank's unused premises.

(b) Charter capital

As at 31 December 2019, the Bank's charter capital is VND3,890,053,280,000 (31/12/2018: VND3,353,494,210,000). The par value is VND10,000 per share.

(c) Location and operation network

The Bank's Head Office is located at No. 201 – 203 Cach Mang Thang Tam Street, Ward 4, District 3, Ho Chi Minh City, Vietnam. As at 31 December 2019, the Bank has one (1) business center and one hundred and two (102) branches and transaction offices across the country (31/12/2018: one (1) business center and sixty nine (69) branches and transaction offices across the country).

(d) Group structure

As at 31 December 2019 and 2018, the Bank had one subsidiary as follows:

	Percentage of equity owned and voting rights	
	31/12/2019	31/12/2018
Nam A Bank Asset Management Company Limited	100%	100%

Nam A Bank Asset Management Company Limited ("the subsidiary") was established under Decision No. 288/QĐ-NHNN of the State Bank of Vietnam and Business Registration Certificate No. 0304691951 issued by the Department of Planning and Investment of Ho Chi Minh City on 1 November 2006 (15th amendment on 7 November 2019) with a charter capital of VND100 billion and an operation period which is the remaining operation period of the Bank in the territory of Vietnam. The charter capital contributed up to 31 December 2019 is VND50 billion (31/12/2018: VND300 billion).

The principal activities of the subsidiary are to dispose of the loan assets in the form of appropriate guarantees: renovation, repairing and upgrading of assets for sale, lease, business operation, capital contribution, joint venture by properties to recover debts; to receive and manage outstanding debts (including debts with secured assets and debts without secured assets) and secured assets (mortgages, pledged assets, debt-bearing assets and assets handed over to the Bank in court) related to the debts, collecting debts in the fastest way; to actively sell assets at the Bank's discretion at market prices (selling prices may be higher or lower than the value of outstanding debts) in the form of self-selling in the market, selling through centers of property auction services and selling to the State's debt purchase and sale companies (when established); to buy and sell outstanding debts of other credit institutions, debt management companies and to exploit assets of commercial banks according to current provisions of laws; to perform work as authorised by the Bank; to restructure outstanding debts with the following measures: debt rescheduling, interest exemption, additional investment, conversion into contributed capital; to handle assets of debts by taking appropriate measures: repairing, upgrading and upgrading assets for sale, lease, business operation, joint venture, capital contribution by properties to recover debts; to carry out debt trading services including debt purchase, debt sale, debt brokerage, trading debt consultancy.

The consolidated financial statements for the year ended 31 December 2019 comprise the financial statements of the Bank and its subsidiary (collectively referred to as "the Group").

(e) Number of employees

As at 31 December 2019, the Group had 3,009 employees (31/12/2018: 2,095 employees).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the State Bank of Vietnam and the relevant statutory requirements applicable to financial reporting. These accounting standards and relevant statutory requirements may differ in some material respects from International Financial Reporting Standards and the generally accepted accounting principles and standards in other countries. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group in accordance with generally accepted accounting principles and practices in countries or jurisdictions other than Vietnam. Furthermore, the utilisation is not designed for those who are not informed about Vietnam's accounting principles, procedures and practices applicable to credit institutions.

(b) Basis of measurement

The consolidated financial statements, except for the consolidated statement of cash flows, are prepared on the accrual basis using the historical cost concept. The consolidated statement of cash flows is prepared using the direct method.

(c) Annual accounting period

The annual accounting period of the Group is from 1 January to 31 December.

(d) Accounting and presentation currency

The Bank's accounting currency is Vietnam Dong ("VND"), which is also the currency used for financial statement presentation purpose, rounded to the nearest million ("VND million").

(e) Form of accounting records applied

The Group uses accounting software to record its transactions under the form of general journal ledgers.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation of these consolidated financial statements.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where the accounting policies of the subsidiary are different from those adopted by the Bank, adjustments have been made where necessary to ensure consistency of accounting policies adopted for the consolidated financial statements.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

All transactions are recorded in original currencies. Monetary assets and liabilities denominated in currencies other than VND are translated into VND at the average of buying and selling spot exchange rate of that currency ("spot exchange rate") at the end of the last working day of the accounting period if the difference between the spot exchange rate and the weighted average of the buying and selling exchange rates of the last working day of the accounting period is less than 1%, in case the difference between the spot exchange rate at the end of the last working day of the accounting period and the weighted average of the buying and selling exchange rates of the last working day of the accounting period is greater than or equal to 1%, the Group will use the weighted average of the buying and selling exchange rates of the last working day of the accounting period. Non-monetary assets and liabilities denominated in currencies other than VND are translated to VND at rates of exchange on the transaction dates.

Income and expenses in foreign currencies are translated into VND at the spot exchange rates on transaction dates.

Foreign exchange differences arising from monthly translation of monetary assets and liabilities are recognised in the "Foreign exchange differences" account in equity on the consolidated balance sheet and then transferred to the consolidated statement of income at the end of the annual accounting period.

Refer to Note 43(c)(ii) for the major exchange rates used at the end of the annual accounting period.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, gold, balances with the SBV, deposits with and loans to other credit institutions with original term to maturity of not more than three months, Government's promissory notes and other short-term valuable papers qualified to be discounted at the SBV, and securities which have maturity dates within three months from the purchase dates.

(d) Deposits with and loans to other credit institutions

Deposits with other credit institutions excluding demand deposits are deposits with other credit institutions with original term to maturity of not more than three months.

Loans to other credit institutions are loans with original term to maturity of not more than 12 months.

Deposits with other credit institutions excluding demand deposits with and loans to other credit institutions are stated at the amount of outstanding principal less specific allowance for credit losses.

Credit losses classification of term deposits with and loans to other credit institutions and allowance calculation thereof is made in accordance with Circular No. 02/2013/TT-NHNN dated 21 January 2013 issued by the SBV regulating the classification of assets, credit loss allowance level, allowance calculation method and utilisation of allowance in operations of credit institutions and branches of foreign banks ("Circular 02") and Circular No. 09/2014/TT-NHNN dated 18 March 2014 issued by the SBV amending and supplementing certain articles of Circular 02 ("Circular 09") as described in Note 3(h).

In accordance with Circular 02, the Group is not required to make general allowance for term deposits with and loans to other credit institutions.

In addition, the Bank also has temporary loans to three people's credit funds under special supervision following the direction of the SBV with original term to maturity of not more than 2 years and temporarily classified these loans as Current debts while awaiting for specific guidance from the SBV.

(e) Held-for-trading securities

(i) Classification

Held-for-trading securities are debt securities or equity securities acquired principally for the purpose of selling in the short-term or there is evidence of a recent pattern of short-term profit-taking.

(ii) Recognition

The Group recognises held-for-trading securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

(iii) Measurement

Held-for-trading securities are stated at cost less allowance for losses on held-for-trading securities. Allowance for losses on held-for-trading securities comprises allowance for credit losses and allowance for diminution in value.

Allowance for credit losses is made for held-for-trading unlisted corporate bonds. Debt classification and allowance for credit losses of unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(h).

Allowance for diminution in value of other held-for-trading securities is made when the market price is lower than the book value.

For listed held-for-trading equity securities, the market price is the closing price at the latest trading date until the end of the annual accounting period.

For unlisted held-for-trading equity securities that have been registered for trading on the unlisted public company market ("UPCOM"), the market price is the average price of the most recent 30 trading dates until the end of the annual accounting period announced by the Stock Exchange.

For unlisted trading securities and not yet registered for trading on the UPCOM, in case there is indicator of diminution in value of these securities, allowance is made in accordance with the accounting policy as described in Note 3(j).

The allowance for credit losses of held-for-trading unlisted corporate bonds and allowance for diminution in value of other held-for-trading securities as mentioned above are reversed if the recoverable amount of these securities subsequently increases after the allowance being recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Interest income during the holding period of held-for-trading debt securities is recognised in the consolidated statement of income upon receipt (cash basis).

(iv) Derecognition

Held-for-trading securities are derecognised when the rights to receive cash flows from the securities have expired or the Group has transferred substantially all risks and rewards of ownership of these securities.

(f) Derivative financial instruments

Forward and swap currency contracts

Forward currency contracts and swap currency contracts are recorded at the net contract values in the consolidated financial statements. The differences between the currency amounts which are committed to buy/sell at contractual exchange rate and the currency amounts translated at the spot exchange rate at the effective date of the forward currency contracts and swap currency contracts are amortised to the consolidated statement of income on a straight-line basis over the terms of these contracts.

The balance of forward currency contracts are revalued at the spot exchange rate at each month-end. Unrealised gains/losses are recorded in the "Foreign exchange differences" account in equity on the consolidated balance sheet and then transferred to the consolidated statement of income at the end of the annual accounting period.

(g) Loans and advances to customers

Loans and advances to customers are stated at the amount of principal less allowance for credit losses. Allowance for credit losses on loans and advances to customers comprises specific allowance and general allowance.

Short-term loans are those with repayment term within one (01) year from the loan disbursement date; medium-term loans are those with repayment term from over one (01) year to five (05) years from the loan disbursement date and long-term loans are those with repayment term of more than five (05) years from the loan disbursement date.

Loans and advances to customers are derecognised when the contractual rights to receive cash flows from the loans contracts expire, or the Group has transferred substantially all risks and rewards of ownership associated with the loans to other parties.

For the loans sold to Vietnam Asset Management Company ("VAMC"), the Group derecognises them from the consolidated balance sheet in accordance with the guidance in Official Letter No. 8499/NHNN-TCKT dated 14 November 2013 issued by the SBV ("Official Letter 8499") and Official Letter No. 925/NHNN-TCKT dated 19 February 2014 issued by the SBV ("Official Letter 925").

Debt classification and allowance for credit losses for loans and advances to customers are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(h).

(h) Debt classification, allowance level and calculation method of allowance for credit losses

(i) Debt classification

Debt classification for term deposits with and loans to other credit institutions, unlisted corporate bonds, loans and advances to customers, entrusted loans (together referred to as "debts"), debts sold but not yet collected is made in accordance with the quantitative method as stipulated in Article 10 of Circular 02. The Group carries out quarterly debt classification based on the outstanding principals of debts at the last working date of each quarter (except for Quarter 4, debt classification based on the outstanding principals of debts at the last working date of November for the purpose of making allowance for credit losses) as follows:

Group		Overdue status
1	Current debts	(a) Current debts being assessed as fully and timely recoverable, both principal and interest; or (b) Debts being overdue for less than 10 days and being assessed as fully recoverable, both overdue principal and interest, and fully and timely recoverable, both remaining principal and interest.
2	Special mentioned debts	(a) Debts being overdue between 10 days and 90 days; or (b) Debts having terms of repayment rescheduled for the first time.
3	Sub-standard debts	(a) Debts being overdue between 91 days and 180 days; or (b) Debts having terms of repayment extended for the first time; or (c) Debts having exempt or reduced interest because customers are not able to pay the interest according to the credit contract; or (d) Debts falling in one of the following cases not yet collected within 30 days since the issuance date of recovery decision: <ul style="list-style-type: none"> ▪ Debts having violated regulations specified in Points 1, 3, 4, 5, 6 of Article 126 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 1, 2, 3, 4 of Article 127 of Laws on Credit Institutions; or ▪ Debts having violated regulations specified in Points 1, 2, 5 of Article 128 of Laws on Credit Institutions. (e) Debts in the collection process under inspection conclusions.
4	Doubtful debts	(a) Debts being overdue between 181 days and 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue less than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time; or (d) Debts specified in point (d) of Sub-standard debts not yet collected between 30 days and 60 days since the issuance date of recovery decision; or (e) Debts in the collection process under inspection conclusions but being overdue up to 60 days according to recovery term.

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Group		Overdue status
5	Loss debts	(a) Debts being overdue more than 360 days; or (b) Debts having rescheduled terms of repayment for the first time and being overdue more than 90 days according to the first rescheduled terms of repayment; or (c) Debts having rescheduled terms of repayment for the second time and being overdue according to the second reschedule terms of repayment; or (d) Debts having rescheduled terms of repayment for the third time or more, regardless of whether the debts are overdue or not; or (e) Debts specified in point (d) of Sub-standard debts not yet collected over 60 days since the issuance date of recovery decision; or (f) Debts in the collection process under inspection conclusions but being overdue of more than 60 days according to recovery term; or (g) Debts to credit institutions being announced under special supervision status by the SBV, or to foreign bank branches of which capital and assets are blockaded.

Bad debts are debts in Group 3, 4 and 5.

For off-balance sheet commitments, the Group classified debts based on the overdue days from the date when the Group performs committed obligations:

- Group 3 - Sub-standard debts: overdue below 30 days;
- Group 4 - Doubtful debts: overdue from 30 days to less than 90 days
- Group 5 - Loss debts: overdue from 90 days and above.

Where a customer owes more than one debt to the Group, and has any of its debts transferred to a higher risk group, the Group is obliged to classify the remaining debts of such customer into the group of debts with higher risk corresponding with their level of risk.

When the Group participates in a syndicated loan not as the lead bank, the Group compares the lead bank's assessment and assessment of banks participating in a syndicated loan with the Group's assessment to reclassify all debts (including the syndicated loan) of the customer into a higher risk group of debt.

The Group is also collect the results of debt classification for customers provided by the Credit Information Center of the SBV ("CIC") at the date of classification to adjust the results of debt self-classification. Where debts and off-balance sheet commitments of one customer are classified into a group of debts with lower risk as compared to those provided by CIC, the Group reclassify such debts and off-balance sheet commitments to the group of debts as provided by CIC.

(ii) **Allowance for credit losses**

Allowance for credit losses comprises general allowance for credit losses and specific allowance for credit losses.

Specific allowance for credit losses

In accordance with the requirements of Circular 02 and Circular 09, specific allowance for credit losses at the end of each quarter is calculated based on the allowance rate corresponding to the results of debt classification and outstanding principals of debts at the last working date of each quarter (except for Quarter 4, specific allowance is calculated based on the allowance rate corresponding to the result of debt classification and outstanding principals of debts at the last working date of November) less the allowed value of collaterals.

Specific allowance rates applied to each debt group are as follows:

Group	Allowance rate
Group 1 – Current debts	0%
Group 2 – Special mentioned debts	5%
Group 3 – Sub-standard debts	20%
Group 4 – Doubtful debts	50%
Group 5 – Loss debts	100%

The allowed value of collaterals is determined in accordance with the following principles as set out in Circular 02:

- Collateral assets with value of VND50 billion or more for debts to related parties or other parties subject to credit restriction under Article 127 of Law on Credit Institutions and collateral assets with value of VND200 billion or more must be revalued by a licensed asset valuation organisation; and
- Other than the above, collateral assets are revalued in accordance with the Group's internal policies and processes.

Maximum allowed ratio of collateral assets are as follows:

Type of collateral assets	Maximum allowed ratio
(a) Deposits from customers in VND	100%
(b) Gold billets, except for the types of gold specified in item (i) below, deposits from customers in foreign currencies	95%
(c) Government bonds, transferable instruments, valuable papers issued by the Bank, saving deposit certificates, certificates of deposit, bills and notes issued by other credit institutions or foreign bank branches: <ul style="list-style-type: none"> ▪ With a remaining term of below 1 year ▪ With a remaining term of between 1 year to 5 years ▪ With a remaining term of over 5 years 	95% 85% 80%
(d) Securities issued by other credit institutions and listed on a stock exchange	70%
(e) Securities issued by other enterprises and listed on a stock exchange	65%
(f) Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, issued by other credit institutions registered for listing on a stock exchange;	50%
Unlisted securities and valuable papers, except for the types of securities specified in item (c) above, issued by other credit institutions not registered for listing on a stock exchange	30%
(g) Unlisted securities and valuable papers issued by enterprises registered for listing on a stock exchange;	30%
Unlisted securities and valuable papers issued by enterprises not registered for listing on a stock exchange	10%
(h) Real estates	50%
(i) Gold billets not having quoted price, other types of gold and other collateral assets	30%

Collateral assets that do not satisfy the legal conditions as specified in Point 3, Article 12 of Circular 02 are deemed to have zero allowed value.

As at 31 December 2019, the Group calculated the specific allowance for credit losses based on the result of debt classification of outstanding principals of debts as at 30 November 2019 (31/12/2018: based on the result of debt classification of outstanding principals of debts as at 30 November 2018).

General allowance for credit losses

In accordance with Circular 02, a general allowance is made at 0.75% of the outstanding principals of debts at the last working date of each quarter (except for Quarter 4, the general allowance is made at 0.75% of the outstanding balance of debts at the last working date of November) excluding term deposits with and loans to other credit institutions and debts being classified as Loss debts.



As at 31 December 2019, the Group provided a general allowance for credit losses based on the above balances as at 30 November 2019 (31/12/2018: a general allowance was provided based on the above balances as at 30 November 2018).

(iii) Writing-off bad debts

In accordance with Circular 02 and Circular 09, debts are written-off against the allowance when they have been classified to Group 5 or when borrowers have been declared bankrupt or dissolved (for borrowers being organisations and enterprises) or borrowers are deceased or missing (for borrowers being individuals).

Debts written-off against allowance are recorded as off-balance sheet items for following up and collection. The amounts collected from the debts previously written-off are recognised in the consolidated statement of income upon receipt.

(iv) Provision for off-balance sheet commitments

In accordance with Circular 02 and Circular 09, the debt classification of off-balance sheet commitments is done solely for risk management, credit quality supervision of credit granting activities. The Group is not required to make provision for off-balance sheet commitments, except where the Group has been required to make payment under the guarantee contract, in which case the payment on behalf is classified and provision is made in accordance with the accounting policy as described in Note 3(h)(i) and Note 3(h)(ii).

(i) Investment securities

Investment securities include available-for-sale and held-to-maturity securities. The Group classifies investment securities at the time of purchase as available-for-sale securities or held-to-maturity securities. In accordance with Official Letter No. 2601/NHNN-TCKT dated 14 April 2009 issued by the SBV, the Group is allowed to reclassify investment securities maximum once after the initial classification at the purchase date.

(i) Available-for-sale securities

Classification

Available-for-sale securities are debt securities or equity securities which are bought and intended to be held for an indefinite period and may be sold at any time.

Recognition

The Group recognises available-for-sale securities on the date when it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Available-for-sale unlisted corporate bonds are stated at cost less allowance for credit losses. Debt classification and allowance for credit losses of unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(h).

Other available-for-sale securities are stated at cost, which includes purchase price plus any directly attributable transaction costs such as brokerage fees, transaction fees, information fees and bank charges (if any). Subsequently, these securities are stated at the lower of book value and market price with the loss being recognised in the consolidated statement of income.

For listed available-for-sale equity securities, the market price is the closing price at the latest trading date until the end of the annual accounting period .

For unlisted available-for-sale equity securities that have been registered for trading on the unlisted public company market ("UPCOM"), the market price is the average of price of the most recent 30 trading dates until the end of the annual accounting period announced by the Stock Exchange.

For listed available-for-sale debt securities, the market price is determined based on the latest transaction price on the Stock Exchange within 10 days until the end of the annual accounting period. If there is no transaction within 10 days until the end of the annual accounting period, no allowance is made for such debt securities.

For unlisted trading securities and not yet registered for trading on the UPCOM, in case there is indicator of diminution in value of these securities, allowance is made in accordance with the accounting policy as described Note 3(j).

Premiums and discounts arising from purchases of available-for-sale debt securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date, in cases that these available-for-sale securities are sold before their maturity dates, the unamortised premiums and discounts are fully recognised in the consolidated statement of income at the selling date.

Post-acquisition interest income of available-for-sale debt securities is recognised in the consolidated statement of income on an accrual basis.

The allowance for credit losses of available-for-sale unlisted corporate bonds and allowance for diminution in value of other available-for-sale securities as mentioned above are reversed if the recoverable amount increases after the allowance being recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

Available-for-sale securities are derecognised when the rights to receive cash flows from the securities have expired or the Group has transferred substantially all risks and rewards of ownership of these securities.

(ii) Held-to-maturity securities

Classification

Held-to-maturity securities are debt securities with fixed or determinable payments and a fixed maturity where the Group has the positive intention and ability to hold until maturity.

Recognition

The Group recognises held-to-maturity securities on the date it becomes a party to the contractual provisions of these securities (trade date accounting).

Measurement

Held-to-maturity unlisted corporate bonds are stated at cost less allowance for credit losses. Debt classification and allowance for credit losses of unlisted corporate bonds are made in accordance with the requirements of Circular 02 and Circular 09 as described in Note 3(h).

Other held-to-maturity securities are stated at cost less allowance for diminution in value. Allowance for diminution in value is made when there is an indicator of long-term decline or strong evidence that the Group might not be able to fully recover the amount and the Group does not make allowance for diminution in value for short-term changes in prices.

Premiums and discounts arising from purchases of held-to-maturity securities are amortised to the consolidated statement of income using the straight line method over the period from the acquisition date to the maturity date.

Post-acquisition interest income from held-to-maturity securities is recognised in consolidated statement of income on an accrual basis.

The allowance for credit losses of held-to-maturity unlisted corporate bonds and the allowance for diminution in the value of other held-to-maturity securities as mentioned above are reversed if the recoverable amount increases after the allowance being recognised. An allowance is reversed only to the extent that the securities' carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.

Derecognition

Held-to-maturity securities are derecognised when the rights to receive cash flows from these securities have expired or the Group has transferred substantially all risks and rewards of ownership of these securities.

(iii) Special bonds issued by Vietnam Asset Management Company ("VAMC")

The Group accounts for bad debts sold in exchange for special bonds issued by VAMC in accordance with the guidance in Official Letter 8499 and Official Letter 925.

Classification

Special bonds issued by VAMC are valuable papers issued by VAMC to purchase the Group's bad debts and are classified as held-to-maturity debt securities issued by local economic entities.

Recognition

Special bonds are initially recognised at par value at transaction date and subsequently measured at par value less allowance for losses.

Measurement

In exchange of each bad debt sold to VAMC, the Group receives a corresponding special bond issued by VAMC. Par value of the special bond is equal to the carrying value of bad debt sold net off specific allowance which was made but not yet utilised.

After completing the procedures of selling bad debts, the Group writes down the book value of bad debts, using specific allowance which was made but not yet utilised. At the same time, the Group recognises the special bonds issued by VAMC in held-to-maturity securities issued by local economic entities.

For the special bonds issued by VAMC, specific allowance is calculated and made in accordance with the guidance in Circular No. 19/2013/TT-NHNN dated 6 September 2013 ("Circular 19") issued by the SBV regulating the purchase, sale and disposal of bad debts of VAMC and Circular No. 14/2015/TT-NHNN dated 28 August 2015 ("Circular 14") issued by the SBV, Circular No. 08/2016/TT-NHNN dated 16 June 2016 ("Circular 08") issued by the SBV and Circular No. 09/2017/TT-NHNN dated 14 August 2017 issued by the SBV amending and supplementing certain articles of Circular 19. Accordingly, the minimum specific allowance required to make annually during the term of the special bonds is the positive difference between 20% of the par value of the special bonds deducting the collected amounts of the underlying bad debts during the year. Annually, the Group is required to make adequate specific allowance mentioned as above within 5 consecutive working days before the due date of special bonds and is not required to make general allowance for these special bonds. Allowance for special bonds is recognised in the consolidated statement of income.

(j) Other long-term investments

Other long-term investments are long-term capital contributions to other companies where the Group has no control or significant influence. These long-term investments are initially recognised at cost. Subsequent to the initial recognition, they are measured at cost less allowance for diminution in value.

Allowance for diminution in the value of other long-term investments is made in case of diminution in value in accordance with guidance of Circular No. 48/2019/TT-BTC dated 8 August 2019 issued by the Ministry of Finance ("Circular 48"). Allowance for diminution in value of long-term investment is equal to the difference between the total capital contributed by all investors and the owner's equity of the investee multiplied (x) the Group's actual percentage of equity ownership in the investee at the reporting date.

The allowance is reversed if there is a subsequent increase in the recoverable amount after the allowance being recognised. An allowance is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no allowance had been recognised.



(k) Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost less accumulated depreciation. The initial cost of a tangible fixed asset comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation, such as repairs, maintenance and overhaul costs, is charged to consolidated statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of tangible fixed assets.

(ii) Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of items of tangible fixed assets. The estimated useful lives are as follows:

▪ buildings and structures	5 - 30 years
▪ machinery and equipment	3 - 8 years
▪ motor vehicles	6 - 10 years
▪ office equipment	3 - 8 years
▪ other fixed assets	4 - 10 years

(l) Finance lease fixed assets

Finance lease is a lease transaction whereby the Group has recognised the majority of the risks and rewards associated with the ownership of leased assets. Asset ownership may be transferred at the end of the lease term. At the time of receipt of leased assets, the Group recognises leased assets as finance lease fixed assets and finance lease liabilities on the consolidated balance sheet at an amount equal to the lower of fair value of finance lease fixed assets and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation.

Depreciation of finance lease fixed assets is computed on a straight-line basis over the estimated useful lives of the leased assets. The estimated useful lives of finance leased assets are consistent with the useful lives of tangible fixed assets as described in Note 3(k)(ii). If it is not certain that the Group will have asset ownerships upon the expiry of the lease agreement, the leased assets will be depreciated over a shorter period of time between the lease term and the useful life of the assets.

All lease agreements that are not classified as finance leases are classified as operating leases.

(m) Intangible fixed assets

(i) Land use rights

Land use rights comprise:

- Those granted by the State for which land use payments are collected; and
- Those acquired in a legitimate transfer.

Definite land use rights granted by the State for which land use payments are collected are amortised over a period of 47 years.

Indefinite land use rights are stated at cost and are not amortised. The initial cost of an indefinite land use right comprises its purchase price and any directly attributable costs incurred in conjunction with obtaining the land use right.

(ii) Software

Cost of acquiring new software, which is not an integral part of the related hardware, is capitalised and treated as an intangible asset. Software cost is amortised on a straight-line basis over a period ranging from 3 to 8 years.

(n) Investment property

Investment property held for capital appreciation

Investment property held for capital appreciation is stated at cost less any devaluation in market price. The carrying amount of an investment property item held for capital appreciation is reduced when there is evidence that its market price falls below its carrying amount and the loss can be measured reliably. Any reduction in value of investment property held for capital appreciation is charged to cost of sales of investment property.

(o) Other assets

(i) Construction in progress

Construction in progress represents the costs of purchasing fixed assets and upgrading of software which have not been fully completed. No depreciation is provided for construction during the period of purchasing or upgrading.

(ii) Foreclosed assets

Foreclosed assets are foreclosed assets of which the ownership was transferred to the Group and awaiting for settlement. For foreclosed assets of which the ownership has not been transferred to the Group, the Group records as off-balance sheet items.

(iii) Other assets

Other assets, except for receivables from credit activities, are stated at cost less allowance for losses

Allowance for losses of assets are made based on the overdue status of debts or expected losses may occur in case undue debt but an economic organisation is bankrupted or liquidated; or debtor is missing, running away, being prosecuted, in prison, under a trial or pending execution of sentences or deceased. The allowance expenses are recorded as operating expenses during the year.

For other assets that are overdue debts, the Group makes allowance for losses using the allowance rates that are applied for overdue status in accordance with Circular 228 as follows:

Overdue status	Allowance rate
Over 6 months to less than 1 year	30%
From 1 to less than 2 years	50%
From 2 to less than 3 years	70%
From 3 years and above	100%

Allowance for losses assets made for the losses may occur of undue debts is determined by the Group after giving consideration to the recovery of these debts.

(p) Sales of debts

(i) Receivables from sales of debts

Debts that have been sold but not yet collected are classified as assets having credit risk and recognised at the remaining uncollected amount. Debt classification and allowance for credit losses for these receivables are in accordance with the requirements of Circular 02 and Circular 09 as described in the Note 3(h).

(ii) Revenue and cost of debts sold

Revenue and cost of debts sold are recognised in accordance with the guidance in Circular No. 09/2015/TT-NHNN dated 17 July 2015 of the SBV regulating the purchasing and selling debt activities of credit institutions, branches of foreign banks.

Accordingly, the difference between the selling price and the book value of the debt sold shall be accounted as follows:

For debts that are being recorded on the balance sheet:

- Where the selling price is higher than the book value, the difference shall be recorded as income;
- Where the selling price is lower than the book value, the difference shall be compensated from the individual or collective indemnity (in case of the loss is determined to be caused by any individual or collective and compensation is required in accordance with regulations), from the insurance claim and from the risk provision which has been appropriated in expenses, the deficit shall be recorded as expense.

For debts that are being recorded as off-balance sheet items and debts that have been removed from the balance sheet, the proceeds from the sales of debts shall be recorded as income.

(q) Prepaid expenses

Prepaid expenses are amortised over the prepaid period or the period of time in which the corresponding economic benefits are derived from these expenses.

The following types of expenses are recognised as prepaid expenses, are stated at cost and amortised on a straight-line basis over 1 to 36 months:

- Prepaid rental expense
- Overhaul expenses of fixed assets
- Tools and instruments used for multiple years
- Expenses on other services

(r) Deposits and borrowings from other credit institutions

Deposits and borrowings from other credit institutions are stated at their cost.

(s) Deposits from customers

Deposits from customers are stated at their cost.

(t) Valuable papers issued

Valuable papers issued are stated at their cost, which comprises proceeds from issuance net of issuance costs.

(u) Other payables

Other payables are stated at their cost.

(v) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Severance allowance and unemployment insurance

Under the Vietnamese Labour Code, when an employee who has worked for the Group for 12 months or more ("the eligible employee") voluntarily terminates his/her labour contract in accordance with the laws, the employer is required to pay him/her severance allowance calculated based on years of service and employee's compensation at termination. Severance allowance has been provided based on employees' years of service and their average salary for the six-month period prior to the end of the annual accounting period. For the purpose of determining the number of years of service by an employee, the period for which the employee participated in and contributed to unemployment insurance in accordance with prevailing laws and regulations and the period for which severance allowance has been paid by the Group are excluded.



On 24 October 2012, the Ministry of Finance issued Circular No. 180/2012/TT-BTC ("Circular 180") providing guidance on financial treatment for redundancy allowance to employees of enterprises. Circular 180 provides that, in preparation of 2012 financial statements, if an enterprise's provision for redundancy allowance still has the outstanding balance, the enterprise must reverse the balance to other income for 2012 and must not carry forward the balance to the following year. Accordingly, the Group reversed the outstanding balance of provision for severance allowance. This change in accounting policy has been applied prospectively from 2012.

According to the Law on Social Insurance, effective from 1 January 2009, the Group and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The unemployment insurance paid by the Group for the employee's working time is recorded as an expense in the consolidated statement of income when incurred.

(w) Bonus and welfare fund

Bonus and welfare fund is not required by laws and is fully distributable, and is used primarily to make payments to the Group's employees. Bonus and welfare fund is appropriated from the Group's profit after tax in accordance with the shareholders' decision at the Annual General Meeting and is recognised as liabilities. The appropriation rate is decided by the shareholders at the Annual General Meeting.

(x) Capital

(i) Charter capital

Charter capital is the total par value of ordinary shares issued. Ordinary shares are stated at par value. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Share premium

On receipt of proceeds from share issuance from shareholders, the difference between the issue price and the par value of the shares is recorded in share premium account in equity.

(iii) Treasury shares

When the Bank repurchases its ordinary shares ("treasury shares"), the amount paid, which includes directly attributable costs, is recognised as a deduction from equity. These shares are classified as treasury shares and presented as a deduction from equity. In respect of shares bought back by the Bank, all rights are suspended until those shares are reissued.

When the treasury shares are reissued subsequently, the amount received is recognised as an increase in equity, and any difference between the re-issue price and the cost of the shares reissued is recorded in share premium account in equity.

(y) **Reserves**

(i) **Statutory reserves**

The Bank

According to Decree No. 93/2017/ND-CP dated 7 August 2017 issued by the Government promulgating financial regime applicable to credit institutions, the Bank is required to make the following allocations before distribution of profits:

	Annual allocation	Maximum balance
Reserve to supplement charter capital	5% of profit after tax	100% charter capital
Financial reserve	10% of profit after tax	Not specified

The purpose of financial reserve is to cover the remaining losses to property that occurred in the course of business after such losses being compensated by the organisations, individuals causing the loss, indemnity and allowance; and to use for other purposes in accordance with the laws. The statutory reserves are non-distributable and are classified as part of equity.

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According to the Circular No. 27/2002/TT-BTC issued by the Ministry of Finance dated 22 March 2002, the appropriation of statutory reserves shall be made in accordance with the requirements applicable to the Bank as described above.

(ii) **Other reserves**

Other reserves including investment and development fund and other funds are appropriated from the Group's profit after tax in accordance with the shareholders' decision at the Annual General Meeting. These reserves are not required by laws, fully distributable and classified as part of equity.

(z) **Off-balance sheet items**

(i) **Commitments and contingent liabilities**

At each time, the Group has outstanding credit commitments. These commitments take the form of approved loans and overdraft facilities. The Group also provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. The contingent liabilities and commitments may expire prior to the partial or all disbursement of the committed amounts. Therefore the amounts do not represent a firm commitment of future cash flows.

(ii) **Fiduciary assets**

The assets held for the purpose of entrustment management are not considered as the Group's assets and therefore are not included in the consolidated balance sheet of the Group.

(aa) Interest income

Interest income is recognised in the consolidated statement of income on the accrual basis, except for interest income from debts classified in Group 2 to Group 5 (as described in Note 3(h)(i)) and debts classified in Group 1 (Current debts) resulting from the implementation of special rulings of the State authorities being recognised upon receipt. When debts classified in Group 2 to Group 5 (as described in Note 3(h)(i)), the accrued interest receivable is derecognised from the balance sheet and recognised in the off-balance sheet and interest income from these debts is recognised in the consolidated statement of income upon receipt.

When debts are classified as Current debts resulting from the implementation of special rulings of the State authorities, interest income during the year is not recorded as income but recorded in the off-balance sheet. Interest income from these debts is recognised in the consolidated statement of income upon receipt.

(bb) Interest expense

Interest expense is recognised in the consolidated statement of income on an accrual basis.

(cc) Fees and commission income

Fees and commission income includes income from asset leasing services, settlement services, guarantee services, cashier services and other services.

Income from leasing assets is recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease income.

Income from other service activities (except for asset leasing services) is recognised in the consolidated statement of income when earned.

(dd) Fees and commission expenses

Fees and commission expenses are recognised in the consolidated statement of income when incurred.

(ee) Dividend income

Dividend receivable in the form of cash is recognised in the consolidated statement of income when the Group's right to receive dividend is established.

Dividend received in the form of shares and bonus shares is not recognised as income and the Group only records the increase in number of shares. Dividends received which are attributable to the period before acquisition date are deducted from the carrying amount of the investment.

(ff) Revenue from sales of assets

Revenue from sales of assets is recognised in the consolidated statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the possible return of assets.

(gg) Operating lease payments

Payments made under operating leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated statement of income as an integral part of the total lease expense.

(hh) Taxation

Corporate income tax on the profit or loss for the year comprises current and deferred tax. Corporate income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the annual accounting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the end of the annual accounting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Bank (after deducting the bonus and welfare fund made during the annual accounting period) by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, including convertible bonds and share options.

(jj) Related parties

Parties are considered to be related to the Group if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where the Group and the other party are subject to common control or significant influence. Related parties may be individuals or corporate entities and include close family members of any individual considered to be a related party.



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(kk) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments and the secondary format is based on business segments.

(ll) Fiduciary activities and entrusted funds

The Group carry out fiduciary activities to invest, lend and manage assets; therefore the Group acts as trustee and in other fiduciary capacities that result in the holding or placing of assets, loans on behalf of individuals, corporates and other credit institutions.

The value of entrusting investment and entrusted funds received are recognised when the entrusting contracts have been signed and entrusted funds have been utilised. Rights and obligations of the entrustor and trustee relating to profit and profit sharing, entrusting fee, other rights and obligations are in compliance with the terms of the entrusting contracts.

Fiduciary activities of the Group comprise:

Fiduciary activities in which the Group bears no risk

The Group acts as trustee and in other fiduciary capacities that result in holding assets on behalf of customers, entrusted investments and loans to customers in which entrustors bear all risks of fiduciary activities. These assets are excluded from these consolidated financial statements as they are not assets of the Group. Entrusted funds received from entrustors but not yet disbursed are recognised as other liabilities on the consolidated balance sheet. After the disbursement, the Group recognised the entrusted funds as off-balance sheet items in accordance with Circular No. 30/2014/TT-NHNN dated 6 November 2014 issued by the SBV.

Fiduciary activities in which the Group bears the risk

Entrusted funds which is exposed to risk include: grants, entrusted investment funds which are used for designated purposes and for which the Group is obliged to make repayment of principal upon its maturity. The Group recognises the received funds as entrusted funds and recognises loans to customers financed by these entrusted funds as its loans and advances to customers in the consolidated financial statements of the Group.

(mm) Financial instruments

Solely for the purpose of providing disclosures about the significance of financial instruments to the Group's financial position and results of operations and the nature and extent of risk arising from financial instruments, the Group classifies its financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss is a financial asset that meets either of the following conditions:

- It is considered by the Group as held-for-trading. A financial asset is classified as held-for-trading if:
 - it is acquired principally for the purpose of selling it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - it is a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than:

- those that the Group, upon initial recognition, designates as at fair value through profit or loss;
- those that the Group designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- that the Group intends to sell immediately or in the near term, which are classified as held-for-trading and those that the Group, on initial recognition, designates as at fair value through profit or loss;
- that the Group, upon initial recognition, designates as available-for-sale; or
- for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or those are not classified as:

- loans and receivables;
- held-to-maturity investments; or
- financial assets at fair value through profit or loss.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

A financial liability at fair value through profit or loss is a financial liability that meets either of the following conditions:

- It is considered by the Group as held-for-trading. A financial liability is classified as held-for-trading if:
 - it is incurred principally for the purpose of repurchasing it in the near term;
 - there is evidence of a recent pattern of short-term profit-taking; or
 - it is a derivative (except for a derivative that is financial guarantee contract or a designated and effective hedging instrument).
- Upon initial recognition, it is designated by the Group as at fair value through profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities carried at amortised cost.

The above described classification of financial instruments is solely for presentation and disclosure purposes and is not intended to be a description of how the financial instruments are measured. Accounting policies for measurement of financial instruments are disclosed in other relevant notes.

(nn) Nil balances

Items or balances required by Circular No. 49/2014/TT-NHNN dated 31 December 2014 issued by the SBV that are not shown in these consolidated financial statements indicate nil balances.

4. Cash on hand, gold

	31/12/2019 VND million	31/12/2018 VND million
Cash in VND	788,751	362,971
Cash in foreign currencies	155,442	99,599
Gold	1,477	1,185
	945,670	463,755

5. Balances with the State Bank of Vietnam

These consist of current account and compulsory reserve at the SBV.

Under the SBV's regulations relating to the compulsory reserve, banks are permitted to maintain a floating balance for compulsory reserve requirement. The monthly average balance of the reserve must not be less than relevant compulsory reserve requirement rates multiplied by the preceding month's average balances of deposits in scope, as follows:

Deposits in scope	CRR rates	
	31/12/2019	31/12/2018
Preceding month's average deposit balances of:		
<i>Deposits from customers:</i>		
▪ Demand deposits and term deposits in foreign currencies with term of less than 12 months	8%	8%
▪ Deposits in foreign currencies with term of 12 months and above	6%	6%
▪ Demand deposits and term deposits in VND with term of less than 12 months	3%	3%
▪ Deposits in VND with term of 12 months and above	1%	1%
<i>Overseas credit institutions</i>		
▪ Deposits in foreign currencies	1%	1%
	31/12/2019	31/12/2018
	VND million	VND million
Current account and compulsory reserve		
▪ In VND	2,957,480	2,765,527
▪ In USD	97,989	79,382
	3,055,469	2,844,909

6. Deposits with and loans to other credit institutions

	31/12/2019 VND million	31/12/2018 VND million
Deposits with other credit institutions		
Demand deposits		
▪ In VND	7,921,973	5,379,158
▪ In foreign currencies	550,263	723,091
Term deposits		
▪ In VND	2,373,000	2,105,960
▪ In foreign currencies	741,760	1,657,850
	11,586,996	9,866,059
Loans to other credit institutions		
▪ In VND	208,658	49,417
▪ Specific allowance for credit losses (ii)	-	(49,417)
	208,658	-
	11,795,654	9,866,059

Term deposits with and loans to other credit institutions by credit risk group are as follows:

	31/12/2019 VND million	31/12/2018 VND million
Current debts (i)	3,323,418	3,813,227

(i) Included in Current debts balance as at 31 December 2019 were loans to three people's credit funds under special supervision following the direction of the SBV amounting to VND208,658 million (31/12/2018: VND49,417 million) being temporarily classified as Current debts while awaiting for specific guidance from the SBV.

(ii) Movements in specific allowance for credit losses during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	49,417	-
Allowance made/(reversed) during the year (Note 34)	(49,417)	49,417
Closing balance	-	49,417

7. Held-for-trading securities

	31/12/2019 VND million	31/12/2018 VND million
Equity securities		
▪ Equity securities issued by other local credit institutions	103,369	103,369
▪ Equity securities issued by local economic entities	40,772	40,772
	144,141	144,141
Allowance for held-for-trading securities		
Allowance for diminution in value of held-for-trading securities (i)	(16,220)	(80,817)
	127,921	63,324

Listing status of held-for-trading securities is as follows:

	31/12/2019		31/12/2018	
	Cost VND million	Allowance VND million	Cost VND million	Allowance VND million
Equity securities				
▪ Unlisted	144,141	(16,220)	144,141	(80,817)

(i) Movements in allowance for diminution in value of held-for-trading securities during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	80,817	12,223
Allowance made/(reversed) during the year (Note 29)	(64,597)	68,594
	16,220	80,817

8. Loans and advances to customers

	31/12/2019 VND million	31/12/2018 VND million
Loans to domestic economic entities and individuals	67,519,989	50,766,357
Discounted transferrable instruments and valuable papers	17,602	42,225
Loans funded by grants and entrusted funds	8,062	6,365
	<hr/> 67,545,653	<hr/> 50,814,947

Loan portfolio by credit risk group is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Current debts	64,148,004	49,232,951
Special mentioned debts	2,063,887	797,274
Sub-standard debts	531,871	215,304
Doubtful debts	537,186	56,889
Loss debts	264,705	512,529
	<hr/> 67,545,653	<hr/> 50,814,947

Loan portfolio by term is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Short-term loans	49,297,747	35,878,499
Medium-term loans	7,698,465	7,298,165
Long-term loans	10,549,441	7,638,283
	<hr/> 67,545,653	<hr/> 50,814,947

Loan portfolio by business sector of customers is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Wholesale and retail, repair of automobiles, motorcycles, and other vehicles with engines	20,104,275	11,407,859
Leasing activities from households, production of physical products and self-consumption services of households	11,267,393	9,324,375
Accommodation and catering services	10,026,674	9,305,092
Producing and distributing electricity, gas, hot water, steam and air conditioning	8,823,734	6,355,429
Construction	4,651,534	781,870
Real estates	3,929,980	5,419,978
Processing and manufacturing industries	3,107,444	3,335,038
Arts and entertainment	2,319,161	1,221,882
Others	3,315,458	3,663,424
	67,545,653	50,814,947

Loan portfolio by type of borrower and type of business is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Limited liability companies	26,920,913	22,448,066
Joint stock companies	19,380,369	12,366,811
Private companies	2,161	326
Foreign invested companies	19,232	45,116
Individuals and household business	21,175,224	15,874,290
Others	47,754	80,338
	67,545,653	50,814,947



9. Allowance for loans and advances to customers

Allowance for loans and advances to customers comprises of:

	31/12/2019 VND million	31/12/2018 VND million
General allowance (i)	467,941	364,523
Specific allowance (ii)	325,725	407,464
	793,666	771,987

(i) Movements in general allowance during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	364,523	249,232
Allowance made during the year (Note 34)	103,418	115,291
	467,941	364,523

(ii) Movements in specific allowance during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	407,464	594,107
Allowance reversed during the year (Note 34)	(59,146)	(186,636)
Transfer from allowance for special bonds (Note 10(ii))	102,156	-
Allowance utilised during the year	(124,749)	(7)
	325,725	407,464

10. Investment securities

	31/12/2019 VND million	31/12/2018 VND million
Available-for-sale securities		
<i>Debt securities</i>		
▪ Government bonds	1,716,797	1,716,374
▪ Debt securities issued by other local credit institutions	1,795,904	1,311,272
▪ Debt securities issued by other local economic entities	818,400	808,400
	4,331,101	3,836,046
Allowance for available-for-sale securities		
General allowance for credit losses (i)	(6,138)	(6,063)
	4,324,963	3,829,983
Held-to-maturity securities (excluding special bonds issued by VAMC)		
<i>Debt securities</i>		
▪ Government bonds	2,529,771	4,025,424
▪ Debt securities issued by other local credit institutions	569,459	1,127,154
	3,099,230	5,152,578
Special bonds issued by VAMC		
▪ Par value of special bonds	-	167,679
▪ Allowance for special bonds (ii)	-	(109,153)
	-	58,526
	7,424,193	9,041,087
Investment securities (excluding special bonds issued by VAMC and government bonds) which are classified as assets having credit risk categorised by credit risk group are as follows:		
	31/12/2019 VND million	31/12/2018 VND million
Current debts	3,183,763	3,246,826

- (i) Movements in general allowance for credit losses for available-for-sale securities which are bonds issued by other local economic entities during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	6,063	1,938
Allowance made during the year (Note 30)	75	4,125
	<hr/>	<hr/>
Closing balance	6,138	6,063

- (ii) During the year ended 31 December 2019, the Bank acquired the debts sold to VAMC with a total principal value of VND180,881 million, equivalent to the total par value of VAMC bonds of VND167,679 million and provisions have been used to address the risk of these acquired debts (Note 9(ii)).

Movements in allowance for special bonds issued by VAMC during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	109,153	188,367
Allowance reversed during the year (Note 34)	(6,997)	(79,214)
Transfer to allowance for customer loans during the year (Note 9(ii))	(102,156)	
	<hr/>	<hr/>
Closing balance	-	109,153

11. Capital contribution, long-term investments

	31/12/2019 VND million	31/12/2018 VND million
Other long-term investments (i)	115,280	117,280
Allowance for diminution in value of long-term investments (ii)	(5,060)	(3,135)
	<hr/>	<hr/>
	110,220	114,145

- (i) Other long-term investments of the Group are investments with a capital contribution of 11% or less compared to the charter capital or share capital with voting rights, details are as follows:

Name	31/12/2019			31/12/2018		
	Par value VND million	Carrying amount VND million	Equity owned %	Par value VND million	Carrying amount VND million	Equity owned %
Investments in local economic entities						
Unlisted						
▪ Beta Securities Joint Stock Company	44,000	74,800	11	44,000	74,800	11
▪ Hoa Binh Real Estate Corporation	35,200	40,480	11	35,200	40,480	11
▪ Vietnam Gold Investment and Trading Joint Stock Company	-	-	10	2,000	2,000	10
		115,280			117,280	
Allowance for diminution in value of other long-term investments		(5,060)			(3,135)	
		110,220			114,145	

- (ii) Movements in allowance for diminution in value of other long-term investments during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	3,135	4,675
Allowance made/(reversed) during the year (Note 33(i))	1,925	(1,540)
Closing balance	5,060	3,135

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

12. Tangible fixed assets

Cost	Building and structures VND million	Machinery equipment VND million	Motor vehicles VND million	Office equipment VND million	Other fixed assets VND million	Total VND million
Opening balance	396,525	155,842	89,147	27,483	10,682	679,679
Additions	-	51,226	590	301	105	52,222
Transfer from construction in progress	-	21,722	55,273	5,621	3,481	86,097
Disposals	(484)	(219)	(16,815)	(163)	(345)	(18,026)
Transfer from finance lease fixed assets	-	-	10,040	-	-	10,040
Closing balance	396,041	228,571	138,235	33,242	13,923	810,012
Accumulated depreciation						
Opening balance	98,666	128,689	54,864	22,663	8,805	313,687
Charge for the year	14,614	15,938	13,713	3,045	1,676	48,986
Disposals	(216)	(219)	(9,536)	(164)	(345)	(10,480)
Transfer from finance lease fixed assets	-	-	8,455	-	-	8,455
Closing balance	113,064	144,408	67,496	25,544	10,136	360,648
Net book value						
Opening balance	297,859	27,153	34,283	4,820	1,877	365,992
Closing balance	282,977	84,163	70,739	7,698	3,787	449,364

Other disclosure information of tangible fixed assets:

	31/12/2019 VND million	31/12/2018 VND million
Cost of tangible fixed assets which were fully depreciated but still in active use	194,520	164,147

13. Finance lease fixed assets

	Motor vehicles VND million
Cost	
Opening balance	74,411
Additions	4,526
Transfer from construction in progress	3,328
Transfer to tangible fixed assets	(10,040)
Closing balance	72,225
Accumulated depreciation	
Opening balance	35,336
Charge for the year	12,203
Transfer to tangible fixed assets	(8,455)
Closing balance	39,084
Net book value	
Opening balance	39,075
Closing balance	33,141

The Group leases some motor vehicles under various finance lease agreements. At the end of each of the leases, the Group has the option to purchase the motor vehicles.

14. Intangible fixed assets

	Land use rights VND million	Software VND million	Total VND million
Cost			
Opening balance	371,128	141,573	512,701
Disposals	(3,160)	-	(3,160)
Closing balance	367,968	141,573	509,541
Accumulated amortisation			
Opening balance	1,318	94,294	95,612
Charge for the year	299	13,558	13,857
Closing balance	1,617	107,852	109,469
Net book value			
Opening balance	369,810	47,279	417,089
Closing balance	366,351	33,721	400,072
Other disclosure information of intangible fixed assets:			
	31/12/2019 VND million	31/12/2018 VND million	
Cost of intangible fixed assets which were fully amortised but still in active use	73,781	73,781	

15. Investment property

Investment property held for capital appreciation

	Land use rights and assets on the land use rights VND million
Opening balance	17,132
Additions	57,513
Disposals	(17,132)
Closing balance	57,513

As at 31 December 2019, the fair value of investment property held for capital appreciation was determined by the Group at VND61,919 million (31/12/2018: VND19,904 million).

16. Other assets

	31/12/2019 VND million	31/12/2018 VND million
Receivables		
▪ Deposits, mortgages, pledges (i)	130,924	296,440
▪ Receivables from fast transfer services	82,546	31,369
▪ Construction in progress (ii)	30,891	39,764
▪ Advances	28,248	46,227
▪ Receivable from an equity investment in an entity	-	40,000
▪ Other receivables	187	412
▪ Settlements awaiting from the State Treasury	-	188
▪ Advances to bonus and welfare fund	-	391
▪ Receivables from debts selling (iii)	1,613,000	-
	1,885,796	454,791
Accrued interest and fees receivable		
▪ Interest receivable from loans	1,031,854	833,650
▪ Interest receivable from investment securities	266,605	329,469
▪ Interest receivable from deposits	14,289	14,560
▪ Interest receivable from derivative financial instruments	2,513	-
	1,315,261	1,177,679
Other assets		
▪ Prepaid expenses (iv)	274,202	78,129
▪ Foreclosed assets (v)	93,481	93,481
▪ Tools and supplies	14,948	10,237
	382,631	181,847
Allowance for losses on other assets (vi)	(47,457)	(30,840)
	3,536,231	1,783,477

- (i) This balance comprises rental deposits for the Bank's branches, transaction offices and the deposit of the subsidiary to purchase a real estate.

(ii) Construction in progress

	2019 VND million	2018 VND million
Opening balance	39,764	13,450
Additions	138,065	83,389
Transfer to tangible fixed assets	(86,097)	(56,396)
Transfer to investment property	(57,513)	-
Transfer to finance lease fixed assets	(3,328)	(679)
	<hr/>	<hr/>
Closing balance	30,891	39,764

Major constructions in progress were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Renovation and purchases of assets	14,712	13,500
Software	8,008	4,769
Motor vehicles and equipment	5,171	13,895
Real estates	3,000	7,600
	<hr/>	<hr/>
	30,891	39,764

(iii) The balance represents receivables arising from the Bank's sales of debts including Loss debts amounting to VND65,000 million to an economic entity in December 2019.

(iv) Details of prepaid expenses are as follows:

	31/12/2019 VND million	31/12/2018 VND million
Assets leasing and repairing expenses	233,814	62,770
Tools and supplies expenses	27,890	8,336
Prepaid interest for deposits from customers	3,318	2,326
Others	9,180	4,697
	<hr/>	<hr/>
	274,202	78,129

(v) Details of foreclosed assets are as follows:

	31/12/2019 VND million	31/12/2018 VND million
Equity securities	71,927	71,927
Real estates	21,554	21,554
	93,481	93,481

(vi) Allowance for losses on other assets comprises:

	31/12/2019 VND million	31/12/2018 VND million
Allowance for losses on other assets	47,457	30,840

The balance represents the allowance for diminution in value for foreclosed assets which were equity securities as disclosed in the Note 16(v).

Movements in allowance for losses on other assets during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	30,840	36,046
Allowance made/(reversed) during the year (Note 33(i))	16,617	(5,206)
Closing balance	47,457	30,840

17. Borrowings from the Government and the State Bank of Vietnam

	31/12/2019 VND million	31/12/2018 VND million
Borrowings from the State Bank of Vietnam		
▪ In VND	1,512	1,770

18. Deposits and borrowings from other credit institutions

	31/12/2019 VND million	31/12/2018 VND million
Demand deposits from other credit institutions		
▪ In VND	7,862,805	5,337,665
Term deposits from other credit institutions		
▪ In VND (i)	2,639,785	3,803,591
▪ In foreign currencies	741,760	1,657,850
	11,244,350	10,799,106
Borrowings from other credit institutions		
▪ In VND	476,646	1,503,253
<i>In which:</i>		
- Finance lease	18,644	24,484
- Pledge	-	340,000
▪ In foreign currencies	122	139
	476,768	1,503,392
	11,721,118	12,302,498

- (i) The term deposit balance from other credit institutions had VND400,000 million (31/12/2018: VND1,550,000 million) being secured by the following assets:

	31/12/2019 VND million	31/12/2018 VND million
Available-for-sale investment securities	107,962	273,016
Held-for-maturity investment securities	400,121	1,378,063
	508,083	1,651,079

19. Deposits from customers

	31/12/2019 VND million	31/12/2018 VND million
Demand deposits		
▪ In VND	3,074,794	2,149,044
▪ In foreign currencies	61,462	107,984
Term deposits		
▪ In VND	66,184,877	50,871,410
▪ In foreign currencies	1,174,721	881,024
Margin deposits		
▪ In VND	200,160	153,544
Special-purpose deposits		
▪ In VND	48,179	12,411
▪ In foreign currencies	19	11,690
	70,744,212	54,187,107

Deposits from customers by type of customer and type of business are as follows:

	31/12/2019 VND million	31/12/2018 VND million
Individuals	59,265,071	44,028,690
Non-state owned enterprises	7,324,361	6,522,733
State-owned enterprises	1,636,532	1,629,159
Foreign invested companies	115,018	88,953
Others	2,403,230	1,917,572
	70,744,212	54,187,107

20. Derivatives and other financial liabilities

As at 31 December 2019	Total contract value (at foreign exchange rate at the contract date) Million VND	Total carrying value (at foreign exchange rate at reporting date)	
		Assets Million VND	Liabilities Million VND
Currency derivatives			
▪ Currency forward contracts	11,026	288	-
▪ Currency swap contracts	700,407	-	(5,006)
	711,433	288	(5,006)

21. Grants and entrusted funds received

	31/12/2019 VND million	31/12/2018 VND million
Entrusted funds received in VND (i)	14,601	11,964
Entrusted funds received in USD (ii)	695,400	116,750
	710,001	128,714

(i) These are grants received from the State Bank of Vietnam with the source from Japan International Cooperation Agency (JICA) in VND, with original terms ranging from 3 to 7 years and bearing annual interest rate at 5.184% (31/12/2018: 4.97%) for the purpose of supporting small and medium enterprises.

(ii) This is a part of grants in USD to finance projects with purposes in compliance with the agreement.

22. Valuable papers issued

	31/12/2019 VND million	31/12/2018 VND million
Certificates of deposits (i)	3,062,123	1,655,723
Bonds with term of 2 years of the Bank (ii)	500,000	500,000
Bonds with term of 6 years of the Bank (iii)	200,000	-
Bonds with term of 8 years of the Bank (iv)	450,000	450,000
Bonds with term of 10 years of the Bank (v)	200,000	-
	4,412,123	2,605,723

(i) The balance represents long-term registered certificates of deposits issued for individuals and organisations, with par value of VND10 million, having term of 1-7 years and interest paid in arrears annually.

(ii) The balance represents 500 bonds with par value of VND1,000,000,000 per bond issued by the Bank, including 300 bonds issued on 30 May 2018 bearing fixed interest rate of 7.6% per annum and 200 bonds issued on 25 December 2018 bearing fixed interest rate of 7.5% per annum in the first year and subsequently adjusted annually, interest paid annually.

(iii) The balance represents 200 bonds with par value of VND1,000,000,000 per bond issued by the Bank, having fixed interest rate of 7.5% per annum in the first year and subsequently adjusted annually, interest paid annually.

(iv) The balance represents 450,000 bonds with par value of VND1,000,000 per bond issued by the Bank, having fixed interest rate of 8.6% per annum, interest paid semi-annually.

(v) The balance represents 200 bonds with par value of VND1,000,000,000 per bond issued by the Bank, having fixed interest rate of 7.8% per annum, interest paid annually.

23. Other liabilities

	31/12/2019 VND million	31/12/2018 VND million
Accrued interest and fees payable		
▪ Interest payable for deposits from customers and other credit institutions	1,469,987	1,070,700
▪ Interest payable for valuable papers issued	202,655	145,046
▪ Interest payable for borrowings from grants and entrusted funds	4,993	265
▪ Interest payable for borrowings from the SBV and other credit institutions	1,176	7,873
▪ Interest payable for derivative financial instruments	408	-
	1,679,219	1,223,884
Internal payables		
Payables to employees	185,080	180,138
External payables		
▪ Payables relating to fast transfer payment services	95,686	42,921
▪ Taxes payable to the State Treasury (Note 24)	81,897	63,108
▪ Deferred income - from insurance brokerage activities	35,563	36,055
▪ Deferred income - from interest collected in advance	2,031	2,622
▪ Deferred income - from leasing activity	1,478	183
▪ Payables relating to card payment services	16,058	13,593
▪ Cash held awaiting for settlement	17,822	9,673
▪ Dividend payables	5,510	5,656
▪ Payables relating to settlement services	669	7,678
▪ Other payables	8,487	11,484
Bonus and welfare fund (ii)	3,866	6,115
	454,147	379,226
	2,133,366	1,603,110

(i) Movements in bonus and welfare fund during the year were as follows:

	2019 VND million	2018 VND million
Opening balance	6,115	-
Appropriation during the year (Note 25)	1,500	28,258
Refund advance from bonus and welfare fund	(391)	(4,538)
Utilisation during the year	(3,358)	(17,605)
	3,866	6,115

24. Obligations to the State Treasury

Year ended 31/12/2019	Opening balance VND million	Movements during the year		Closing balance VND million
		Incurred VND million	Paid VND million	
Value added tax	1,023	9,298	(9,596)	725
Corporate income tax	57,133	192,757	(179,297)	70,593
Personal income tax	4,873	83,340	(78,198)	10,015
Other taxes	79	2,446	(1,961)	564
	63,108	287,841	(269,052)	81,897
Year ended 31/12/2018				
	Opening balance VND million	Movements during the year		Closing balance VND million
		Incurred VND million	Paid VND million	
Value added tax	518	7,408	(6,903)	1,023
Corporate income tax	3,091	151,689	(97,647)	57,133
Personal income tax	1,381	36,204	(32,712)	4,873
Other taxes	96	2,038	(2,055)	79
	5,086	197,339	(139,317)	63,108

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

25. Equity

(a) Statement of changes in equity

	Charter capital VND million	Capital for construction, purchases of fixed assets VND million	Share premium VND million	Other capital VND million	Reserve to supplement charter capital VND million	Financial reserve VND million	Other reserves VND million	Retained profits VND million	Total VND million
Balance at 1 January 2018	3,021,166	10	2,547	25	80,557	157,248	2,411	403,090	3,667,054
Share capital issued in cash	9	-	3	-	-	-	-	-	12
Share capital issued to pay dividends	332,319	-	-	-	-	-	-	(332,319)	-
Net profit for the year	-	-	-	-	-	-	-	591,274	591,274
Appropriation to reserves	-	-	-	-	29,934	58,747	417	(89,098)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(28,258)	(28,258)
Balance at 1 January 2019	3,353,494	10	2,550	25	110,491	215,995	2,828	544,689	4,230,082
Share capital issued in cash	10	-	4	-	-	-	-	-	14
Share capital issued to pay dividends	536,549	-	-	-	-	-	-	(536,549)	-
Net profit for the year	-	-	-	-	-	-	-	731,789	731,789
Appropriation to reserves	-	-	-	-	35,789	73,989	995	(110,773)	-
Appropriation to bonus and welfare fund	-	-	-	-	-	-	-	(1,500)	(1,500)
Balance at 31 December 2019	3,890,053	10	2,554	25	146,280	289,984	3,823	627,656	4,960,385



(b) Shares

The number of issued shares and shares in circulation of the Bank is:

	As at 31 December 2019	
	Number of shares	Par value (VND million)
Issued shares		
Ordinary shares	389,005,328	3,890,053
Shares in circulation		
Ordinary shares	389,005,328	3,890,053
	As at 31 December 2018	
	Number of shares	Par value (VND million)
Issued shares		
Ordinary shares	335,349,421	3,353,494
Shares in circulation		
Ordinary shares	335,349,421	3,353,494

Each ordinary shares of the Bank have a par value of VND10,000. Each ordinary share corresponds to one vote right at meetings of shareholders of the Bank. Shareholders are entitled to receive dividends as declared by the Bank from at each time. All ordinary shares are ranked equally with regard to the Bank's residual assets.

In accordance with the Resolution of the Annual General Meeting of Shareholders dated 23 March 2019, the shareholders approved the plan to issue additional shares to increase charter capital by VND536,559,070,000, specifically as follows:

- Issue shares to pay dividends:
 - Increase charter capital by VND536,559,070,000 through the issuance of 53,655,907 ordinary shares to pay dividends for 2018, at the rate of 100:16 (shareholders owning 100 shares receive dividend of 16 shares);
 - The number of additional issued shares to pay dividends when allocating to shareholders will be rounded to the unit. The odd shares arising from the rounding (if any) will be assigned to the Board of Management to select a buyer in order to ensure the sufficient increase of charter capital and that the limit for each shareholder would not be exceeded.

The State Bank of Vietnam issued official letter No. 7430/NHNN-TTGSNH dated 20 September 2019 approving the plan to increase the Bank's charter capital from VND3,353,494,210,000 to VND3,890,053,280,000 which was approved by the Shareholders in the Resolution of the Annual General Meeting of Shareholders in 2019 and approved by the Board of Management in the Resolution No. 171/2019/NQQT-NHNA dated 17 April 2019. The State Securities Commission issued official letter No. 6282/UBCK-QLCB dated 17 October 2019 on the receipt of documents reporting the share issuance to pay dividends of the Bank and official letter No. 6761/UBCK-QLCB dated 7 November 2019 on the receipt of documents receiving the results of share issuance to pay dividends of the Bank. On 2 December 2019, the Bank received the Enterprise Registration Certificate No. 0300872315 with the 39th amendment with the charter capital of VND3,890,053,280,000.

26. Net interest income

	2019 VND million	2018 VND million
Interest and similar income		
▪ Interest income from loans	6,417,043	4,600,739
▪ Interest income from trading and investing in debt securities	487,813	483,962
▪ Interest income from deposits	174,135	126,979
▪ Other income from credit activities	36,602	29,980
▪ Income from guarantee services	5,241	5,065
	<hr/> 7,120,834	<hr/> 5,246,705
Interest and similar expenses		
▪ Interest expense on deposits	(4,606,999)	(3,288,978)
▪ Interest expense on valuable papers issued	(270,709)	(192,018)
▪ Interest expense on borrowings	(36,616)	(35,948)
▪ Interest expense on finance lease	(1,952)	(2,857)
▪ Other expenses on credit activities	(18,422)	(20,291)
	<hr/> (4,934,698)	<hr/> (3,540,092)
Net interest income	<hr/> 2,186,136	<hr/> 1,706,613

27. Net fees and commission income

	2019 VND million	2018 VND million
Fees and commission income from		
▪ Settlement services	67,812	41,387
▪ Insurance brokerage commission	42,233	26,381
▪ Asset leasing	40,468	40,056
▪ Other services	9,996	5,225
	<hr/> 160,509	<hr/> 113,049
Fees and commission expenses on		
▪ Settlement services	(61,808)	(41,925)
▪ Other brokerage commission	(18,644)	(16,885)
▪ Consultancy services	(5,983)	(788)
▪ Postage and telecommunications fees	(667)	(893)
▪ Other services	(42)	(34)
	<hr/> (87,144)	<hr/> (60,525)
Net fees and commission income	<hr/> 73,365	<hr/> 52,524

28. Net gain from trading of foreign currencies

	2019 VND million	2018 VND million
Gains from trading of foreign currencies		
▪ Gain from spot contracts	31,333	27,489
▪ Gain from currency derivatives	6,683	16,449
▪ Gain from gold trading	277	224
	<hr/> 38,293	<hr/> 44,162
Losses from trading of foreign currencies		
▪ Loss from currency derivatives	(9,927)	(9,653)
▪ Loss from spot contracts	(3,633)	(4,630)
▪ Loss from gold trading	(5)	(6)
	<hr/> (13,565)	<hr/> (14,289)
Net gain from trading of foreign currencies	<hr/> 24,728	<hr/> 29,873

29. Net profit/(loss) from trading of held-for-trading securities

	2019 VND million	2018 VND million
Allowance reversed/(made) for diminution in value of held-for-trading securities (Note 7(i))	64,597	(68,594)
	<hr/>	<hr/>

30. Net gain from sales of investment securities

	2019 VND million	2018 VND million
Gain from sales of investment securities	148,117	74,742
Loss from sales of investment securities	(32,132)	(41,362)
General allowance made for available-for-sale securities (Note 10(i))	(75)	(4,125)
	<hr/> 115,910	<hr/> 29,255
Net gain from sales of investment securities	<hr/>	<hr/>

31. Net other income

	2019 VND million	2018 VND million
Other income		
▪ Contract penalty fee	10,092	8,430
▪ Collections of bad debts previously written-off	8,913	42,472
▪ Income from disposals of investment properties	4,356	3,077
▪ Income from disposals of fixed assets	1,013	379
▪ Other income	845	2,722
	25,219	57,080
Other expenses		
▪ Debt management expenses	(17,859)	(3,304)
▪ Other expenses	(7,029)	(9,264)
	(24,888)	(12,568)
Net other income	331	44,512

32. Gain from capital contribution, share purchase

	2019 VND million	2018 VND million
Dividends received/profits distributed from:		
▪ Held-for-trading securities	987	2,056
▪ Capital contribution, long-term investments	-	1
	987	2,057



33. Operating expenses

	2019 VND million	2018 VND million
1, Personnel expenses	795,200	616,026
In which:		
▪ Salary and allowances	732,096	572,907
▪ Salary related contribution	45,568	33,079
▪ Other allowances	146	369
▪ Others	17,390	9,671
2, Asset expenditure	275,945	254,139
In which:		
▪ Leasing assets	116,307	89,509
▪ Depreciation of fixed assets	75,046	83,818
▪ Maintenance and repair of assets	56,712	68,980
▪ Others	27,880	11,832
3, Insurance for deposits from customers	72,735	54,092
4, Meeting and conference expenses	112,818	67,712
5, Publication of documents, advertising	68,878	33,520
6, Expenses for water and sanitation	28,718	23,816
7, Allowance expenses reversed (i)	18,542	(6,746)
8, Expenses for printing materials and papers	30,917	21,028
9, Non-deductible VAT	31,866	19,575
10, Expenses for the Bank's union activities	22,160	17,008
11, Traveling expenses	11,987	8,513
12, Others	83,884	45,736
	1,553,650	1,154,419

(i) Details of allowance expenses during the year were as follows:

	2019 VND million	2018 VND million
Allowance made/(reversed) for diminution in value of other long-term investments (Note 11(ii))	1,925	(1,540)
Allowance made/(reversed) for losses on other assets (Note 16(vi))	16,617	(5,206)
	18,542	(6,746)

34. Allowance expenses for credit losses

	2019 VND million	2018 VND million
Specific allowance (reversed)/made for credit losses of loans to other credit institutions (Note 6(i))	(49,417)	49,417
General allowance made for credit losses of loans and advances to customers (Note 9(i))	103,418	115,291
Specific allowance reversed for credit losses of loans and advances to customers (Note 9(ii))	(59,146)	(186,636)
Allowance reversed for special bonds (Note 10(ii))	(6,997)	(79,214)
	<u>(12,142)</u>	<u>(101,142)</u>

35. Corporate income tax

(a) Recognised in the consolidated statement of income

	2019 VND million	2018 VND million
Corporate income tax expense – current	192,757	151,689
Corporate income tax expense – deferred	-	-
	<u>192,757</u>	<u>151,689</u>

(b) Reconciliation of effective tax rate

	2019 VND million	2018 VND million
Profit before tax	924,546	742,963
Adjustments for:		
▪ Non-taxable income (dividends)	(987)	(2,057)
▪ Non-deductible expenses	40,226	17,537
	<u>963,785</u>	<u>758,443</u>
Taxable income	963,785	758,443
	<u>192,757</u>	<u>151,689</u>
Corporate income tax expense during the year	192,757	151,689

(c) Applicable tax rates

The corporate income tax rate applicable to the Bank and its subsidiary is 20%. The calculation of income tax is subject to the review and approval of the tax authority.

36. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

Profit or loss attributable to ordinary shareholders is the profit or loss after tax during the year after deducting the amounts appropriated to bonus and welfare fund for the year.

(i) Net profit attributable to ordinary shareholders

	2019 VND million	2018 VND million
Net profit for the year	731,789	591,274
Appropriation to bonus and welfare fund (*)	-	-
	<hr/>	<hr/>
Net profit attributable to ordinary shareholders for calculation of basis earnings per share	731,789	591,274

(*) At the date of these consolidated financial statements, the Group has not received any official decision of the General Meeting of Shareholders on the appropriation of bonus and welfare fund from the profit of 2019. If the Group makes appropriation to the bonus and welfare fund, net profit attributable to ordinary shareholders and basic earnings per share will decrease.

(ii) Weighted average number of ordinary shares

	2019	2018 (restated)	2018 (as previously reported)
Issued ordinary shares at the beginning of the year	335,349,421	302,116,596	302,116,596
Effect of shares issued to pay dividends of the year	53,654,893	86,886,843	33,231,950
Effect of shares issued in cash during the year	142	235	235
	<hr/>	<hr/>	<hr/>
Weighted average number of ordinary shares	389,004,456	389,003,674	335,348,781

(iii) **Basic earnings per share**

	2019	2018 (restated)	2018 (as previously reported)
Basic earnings per share	1,881	1,520	1,763

(b) **Diluted earnings per share**

There was no event or transaction affecting the dilution of shares at the end of the accounting period.

37. **Cash and cash equivalents**

	31/12/2019 VND million	31/12/2018 VND million
Cash on hand, gold	945,670	463,755
Balances with the SBV	3,055,469	2,844,909
Deposits with and loans to other credit institutions with original term to maturity of not more than three months	11,586,996	9,866,059
	15,588,135	13,174,723

38. **Employees' remuneration**

	2019 VND million	2018 VND million
Total number of employees	2,645	1,889
Employees' remuneration		
1. Salary	732,096	572,907
2. Bonus	3,358	17,272
3. Total income (1+2)	735,454	590,179
Average salary/employee/monthly	23	25
Average income/employee/monthly	23	26



39. Mortgaged, pledged, discounted and rediscounted assets and valuable papers

(a) Mortgaged, pledged, discounted and rediscounted assets and valuable papers received

	31/12/2019 VND million	31/12/2018 VND million
Real estates	73,965,130	50,364,872
Equity securities and valuable papers	22,438,991	13,820,252
Movable assets	967,772	1,211,803
Other assets	21,170,957	13,359,744
	<hr/>	<hr/>
	118,542,850	78,756,671

(b) Assets, valuable papers used for mortgage, pledge, discount and rediscount

	31/12/2019 VND million	31/12/2018 VND million
Available-for-sale securities		
▪ Government bonds	565,014	273,016
Held-to-maturity investment securities		
▪ Government bonds	1,644,932	1,783,274
	<hr/>	<hr/>
	2,209,946	2,056,290

40. Contingent liabilities and commitments

	31/12/2019		31/12/2018			
	Contractual amount - gross VND million	Margin deposits VND million	Contractual amount - net VND million	Contractual amount - gross VND million	Margin deposits VND million	Contractual amount - net VND million
Foreign exchange commitments	1,395,807	-	1,395,807	513,700	-	513,700
<i>In which:</i>						
▪ Purchase commitments of foreign currencies	-	-	-	350,250	-	350,250
▪ Sale commitments of foreign currencies	-	-	-	163,450	-	163,450
▪ Commitments on currency swap transactions	1,395,807	-	1,395,807	-	-	-
Letters of credit	916,708	(6,905)	909,803	15,349	(60)	15,289
Other guarantees	358,972	(13,829)	345,143	288,386	(20,922)	267,464

41. Significant transactions with related parties

Significant balances and transactions with related parties as at the year-end and during the year were as follows:

Balance at the year-end	31/12/2019 VND million	31/12/2018 VND million
	Receivables/(Payables)	
Members of Board of Management, Board of Directors and Supervisory Board of the Bank		
Deposits	(15,355)	(19,286)
Loans	312	255
Accrued interest payable for deposits	(25)	(30)
Accrued interest receivable from borrowings	2	-
Other payables	(73)	-
Other related parties (*)		
Deposits	(76,383)	(216,223)
Loans	433,069	210,457
Deposits for office rental	18,352	30,576
Accrued interest receivable from loans	(1,149)	(2,858)
Accrued interest payable for deposits	2,001	914
<hr/>		
	2019	2018
	VND million	VND million
Transactions during the year		
Members of Board of Management, Board of Directors and Supervisory Board of the Bank		
Salaries and allowances for the Board of Directors	18,481	18,371
Remunerations for the Board of Management and Supervisory Board	7,060	8,623
Interest expense	382	346
Other related parties (*)		
Interest income from loans	22,472	37,278
Rental expense	12,824	12,824
Interest expense on deposits	4,173	8,200
Rental income	1,546	1,570
Other expenses	65	456

(*) Other related parties comprise close family members of key management personnel including members of Board of Management, members of Board of Directors, members of Supervisory Board and companies which these individuals directly or indirectly hold significant voting right or have significant influence over.

42. Concentration of assets, liabilities and off-balance sheet commitments by geographical area

As at 31 December 2019

	Deposits with and loans to other credit institutions – gross VND million	Held-for- trading securities – gross VND million	Loans and advances to customers – gross VND million	Investment securities – gross VND million	Deposits and borrowings from other credit institutions VND million	Deposits from customers VND million	Valuable papers issued VND million	Credit commitments VND million
Domestic	11,647,744	144,141	67,545,653	7,430,331	11,721,118	70,744,212	4,412,123	1,254,946
Overseas	147,910	-	-	-	-	-	-	-
	11,795,654	144,141	67,545,653	7,430,331	11,721,118	70,744,212	4,412,123	1,254,946

As at 31 December 2018

	Deposits with and loans to other credit institutions – gross VND million	Held-for- trading securities – gross VND million	Loans and advances to customers – gross VND million	Investment securities – gross VND million	Deposits and borrowings from other credit institutions VND million	Deposits from customers VND million	Valuable papers issued VND million	Credit commitments VND million
Domestic	9,408,540	144,141	50,814,947	9,156,303	12,302,498	54,187,107	2,605,723	303,735
Overseas	506,936	-	-	-	-	-	-	-
	9,915,476	144,141	50,814,947	9,156,303	12,302,498	54,187,107	2,605,723	303,735

43. Financial risk management

(a) Financial risk management

(i) Overview

Risks are inherent in the Group's activities and are managed through a process of ongoing identification, analysis, measurement, risk processing, monitoring and regularly reporting. This process of risk management is critical to the Group's profitability and each individual within the Group is responsible for preventing all the related risk. The Group is exposed to certain types of risk including credit risk, liquidity risk, market risk (classified as business risk and non-business risk). In addition, Group is also exposed to operational risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. These risks are controlled by the strategic planning process of the Group.

(ii) Risk management framework

Risk management structure

The Group's risk management structure includes the Board of Management, the Risk Management Committee, the Board of Directors, heads of business units and departments having risk management functions at the Bank's Head Office.

Board of Management

The Board of Management determines the risk management policy and monitors the implementation of risk prevention measures by the Group.

Risk Management Committee

The Risk Management Committee consults the Board of Management on the issuance of regulations and policies under the authority of the Board of Management relating to risk management in the Group's operations.

The Risk Management Committee analyses and provides recommendations on the safety level of the Group against potential risks that may affect the Group and suggests preventive controls in the short term as well as long term.

The Risk Management Committee reviews and evaluates the appropriateness and effectiveness of current processes, policies for risk management of the Group in order to make recommendations on require change in current processes, policies and operational strategies to the Board of Management.

Crisis Steering Committee

The Crisis Steering Committee assists the Board of Directors in formulating regulations, plans and action plans to prevent, handle and solve problems when a crisis occurs to maintain the Bank's continued operations.

The Crisis Steering Committee organize inspection and assessment of the Bank's operational situation in case of signs of crisis in order to prevent, minimize and eliminate incidents that cause adverse impacts on stability, ensure the safety of customer's life and property, bank staffs.

Supervisory Board

The Supervisory Board is responsible for controlling the overall risk management process within the Group.

Internal Audit

According to the annual internal audit plan, business processes throughout the Group are audited by the Internal Audit Function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit Function discusses the results of all assessments with the Board of Directors, and reports the findings and recommendations to the Supervisory Board.

Risk measurement and reporting systems

Risk monitoring and managing are carried out based on limits regulated by the Group and complies with the regulations of the SBV. These limits reflect the business strategy and market environment of the Group as well as the risk level that the Group is willing to accept.

Information compiled from all business activities is examined and processed in order to analyse, control and early identify risks. This information is presented and explained to the Board of Management, Supervisory Board, Board of Directors and Departments' Heads. The report includes aggregate credit exposure, credit metric forecasts, limit exceptions, liquidity ratios and risk profile changes. The Bank's Management assesses the appropriateness of the allowance for credit losses on a quarterly basis. The Bank's Management receives a comprehensive risk report quarterly which is designed to provide all the necessary information to assess and conclude on the risks of the Group.

For all levels within hierarchy of the Group, specific risk reports are prepared and distributed in order to ensure that all business units have access to comprehensive, necessary and up-to-date information.

Risk mitigation

The Group has actively used collaterals to minimize the credit risk.

Risk concentration

Risk concentration arises when a number of customers of the Group are engaged in similar business activities, or activities in the same geographic area, or have similar economic features that would affect the group of customers' payment obligations or payment receipt rights when due under changes in economic, political or other conditions.

These above concentrations indicate the level of sensitivity of the Group's performance to the developments of a particular industry or geographic area.

In order to mitigate risk concentration, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Accordingly, concentrations of credit risk are controlled and managed accordingly. Selective risk hedging methods are used within the Group in respect of the industries and other related factors.

(b) Credit risk

Credit risk is the risk that the Group will incur a loss when customers violate the terms of credit agreements or due to the impact of objective factors that affect customers' financial and payment capability and repayment capacity, reduction in value of collateral assets. Credit risk includes all types of financial products: transactions recorded on the consolidated balance sheet such as deposits, loans, overdrafts, bonds, and other assets; and off-balance sheet transactions such as derivative financial instruments, letters of credit and letters of guarantee.

Credit risk management

The Group develops the credit function structure based on check and balance system, business units are separated completely from the credit approval unit. Except for delegated authority to Branch Directors in approving small value and low risk transactions, credit approval is centralised. Policies for significant credit risk are developed and approved by the Board of Management. The Group has established credit risk management and control system, as follows:

- Business units are separated completely with the risk management, collateral valuation and credit approval units.
- The business units propose credit facilities and perform initial collateral valuations.
- Risk management units are independent from units proposing initially credit facility and perform review and evaluation the proposal of business units.
- Except for the approvals for small and low risk transactions under authorised limit of branch director, the credit approval authority is centralised at the Head Office. All policies and relevant credit risk management regulations are approved accordingly by the Board of Management and Board of Directors, including:
 - Credit policy;
 - Regulation on debt classification, allowance for credit losses and utilisation of allowance for credit losses;
 - Regulation on collaterals and valuation of collaterals;
 - Regulation on the internal credit rating system;
 - Guidance on the credit limit for counterparty;
 - Credit procedures;
 - Regulation on procedures and content of reviewing, before, during, and after credit extension; and
 - Regulation on operations, functions and responsibilities of the Risk Management Committee.
- Risk management units send periodic risk reports to the Board of Directors, the Risk Management Committee, the Board of Management, this risk report includes credit growth, credit quality, credit distribution according to the new credit risk rating system, allowance for credit losses, problematic loans, customer review monitoring, loans by sector, loan groups and credit concentration.
- Internal audit conducts audit and regular examination to ensure compliance and the effectiveness of policies and business procedures.

Collaterals

Collaterals are valued by an unit independent from the business units based on the market value at valuation date. The collateral valuation is regularly updated.

The main types of collaterals obtained are real estates, machinery and equipment, inventories and valuable papers. Guidance for valuation of movable assets and real estates is being reviewed and updated to comply with the regulations of the SBV.

Commitments and guarantees

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Commitments and guarantees are also subject credit risk reclassification.

Credit risk concentration

The level of credit risk concentration of the Group is managed by customer, by geographical and by business sector.

Not considering collaterals, the Group's significant exposure to credit risk at the reporting date is as follows:

	31/12/2019 VND million	31/12/2018 VND million
Loans and advances to customers – gross	67,545,653	50,814,947
Available-for-sale securities – bonds issued by local economic entities – gross	818,400	808,400
	<hr/> 68,364,053	<hr/> 51,623,347
Other guarantees	358,972	288,386
	<hr/> 68,723,025	<hr/> 51,911,733

An aging analysis of financial assets that are past due but not impaired at the reporting date is as follows:

As at 31 December 2019

	From 10 to 90 days VND million	From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	Over 360 days VND million	Total VND million
Loans and advances to customers (*)	1,303,452	10,833	10,697	40,751	1,365,733

As at 31 December 2018

	From 10 to 90 days VND million	From 91 to 180 days VND million	Overdue From 181 to 360 days VND million	Over 360 days VND million	Total VND million
Loans and advances to customers (*)	62,415	43,628	6,851	37,744	150,638

An aging analysis of financial assets that are past due and impaired at the reporting date is as follows:

As at 31 December 2019	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers (*)	636,463	519,211	520,755	204,990	1,881,419

As at 31 December 2018	Overdue				Total VND million
	From 10 to 90 days VND million	From 91 to 180 days VND million	From 181 to 360 days VND million	Over 360 days VND million	
Loans and advances to customers (*)	85,398	44,464	52,618	223,269	405,749

(*) Overdue debts are calculated on the basis of each loan.

See Note 39(a) for types and values of collaterals received from customers. The Group has not determined fair values of the collaterals for overdue and impaired financial assets for disclosure in these consolidated financial statements because there is currently no guidance on determination of fair value under Vietnamese Accounting Standards, the Vietnamese Accounting System for Credit Institutions stipulated by the SBV in case quoted price in the market is not available. The fair values of these collaterals may differ from their carrying amounts.

(c) **Market risks**

Market risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of movements in market prices. Market risks arise from open positions in interest rate, currency instruments and equity instruments, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and share prices.

(i) **Interest rate risk**

Interest rate risk is the risk that fair value or cash flows of financial instruments will fluctuate because of changes in the market interest rate. The Group will be exposed to the interest rate risk when there is a gap between maturity date or interest repricing date of assets, liabilities and off-balance sheet commitments in a specific period of time. The Group manages this risk by matching the dates of interest rate repricing of assets and liabilities.

Analysis of assets and liabilities by interest repricing period

The actual interest rate repricing term is the remaining period from the reporting date to the next interest rate repricing date or the maturity date of assets and liabilities whichever is earlier.

The following assumptions and conditions have been adopted in the analysis of actual interest rate repricing terms of the assets and liabilities of the Group:

- Cash on hand, gold; held-for-trading securities; derivatives and other financial assets; special bonds issued by VAMC; capital contribution, long-term investments; other assets (including fixed assets and other assets) and other liabilities are classified as non-interest bearing items.
- Deposits with the State Bank of Vietnam are classified as demand deposits, interest rate repricing term is therefore classified within 1 month.
- The actual interest rate repricing term of debt securities is determined based on the actual maturity term of each type of securities at the reporting date.
- The actual interest rate repricing term of deposits with and loans to other credit institutions; loans and advances to customers; borrowings from the Government and the State Bank of Vietnam; deposits and borrowings from other credit institutions and deposits from customers is determined as follows:
 - Items which bear fixed interest rate for the entire contractual term: the actual interest rate repricing term is determined based on the remaining contractual term calculated from the reporting date.
 - Items which bear floating interest rate: the actual interest rate repricing term is determined based on the next interest rate repricing date subsequent to the reporting date.
- The actual interest rate repricing term of valuable papers issued is determined based on the remaining contractual term calculated from the reporting date.
- The actual interest rate repricing term of grants and entrusted funds is determined based on the next interest rate repricing date subsequent to the reporting date.
- The actual interest rate repricing term of other liabilities are classified as non-interest bearing items.

The following tables show the Group's assets and liabilities categorised by the earlier of interest rate repricing date and contractual maturity date at the end of the annual accounting period:

Nam A Commercial Joint Stock Bank
No. 201 - 203 Cach Mang Thang Tam, Ward 4, District 3
Ho Chi Minh City, Vietnam

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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

As at 31 December 2019

	Overdue VND million	Free of interest VND million	Less than 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	945,670	-	-	-	-	-	-	945,670
Balances with the SBV	-	-	3,055,469	-	-	-	-	-	3,055,469
Deposits with and loans to other credit institutions	-	208,658	9,127,236	2,459,760	-	-	-	-	11,795,654
Held-for-trading securities – gross	-	144,141	-	-	-	-	-	-	144,141
Loans and advances to customers – gross (*)	3,869,985	-	13,416,090	45,462,818	4,226,007	464,301	106,452	-	67,545,653
Investment securities – gross	-	-	100,054	470,067	499,935	50,231	1,923,797	4,386,247	7,430,331
Capital contribution, long-term investments – gross	-	115,280	-	-	-	-	-	-	115,280
Fixed assets	-	882,577	-	-	-	-	-	-	882,577
Investment property	-	57,513	-	-	-	-	-	-	57,513
Other assets – gross	-	3,583,688	-	-	-	-	-	-	3,583,688
	3,869,985	5,937,527	25,698,849	48,392,645	4,725,942	514,532	2,030,249	4,386,247	95,555,976

Liabilities

Borrowings from the Government and the SBV	-	-	35	764	358	355	-	-	1,512
Deposits and borrowings from other credit institutions	-	-	9,242,949	2,462,215	9,068	663	6,223	-	11,721,118
Deposits from customers	-	-	18,840,198	13,477,179	20,454,089	14,515,996	3,455,058	1,692	70,744,212
Derivatives and other financial liabilities	-	4,718	-	-	-	-	-	-	4,718
Grants and entrusted funds received	-	-	14,601	463,600	231,800	-	-	-	710,001
Valuable papers issued	-	-	-	600,000	600,000	496,670	1,675,513	1,639,940	4,412,123
Other liabilities	-	2,133,366	-	-	-	-	-	-	2,133,366
	-	2,138,084	28,097,783	16,403,758	21,295,315	15,013,684	5,136,794	1,641,632	89,727,050

**Interest sensitivity gap of
balance sheet items**

Interest sensitivity gap of off- balance sheet items	-	-	-	-	-	-	-	-	-
	3,869,985	3,799,443	(2,398,934)	31,988,887	(16,569,373)	(14,499,152)	(3,106,545)	2,744,615	5,828,926

**Interest sensitivity gap on and
off-balance sheet items**

	3,869,985	3,799,443	(2,398,934)	31,988,887	(16,569,373)	(14,499,152)	(3,106,545)	2,744,615	5,828,926
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Nam A Commercial Joint Stock Bank
No. 201 - 203 Cach Mang Thang Tam, Ward 4, District 3
Ho Chi Minh City, Vietnam

Form B05/TCTD-HN
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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

As at 31 December 2018

	Overdue VND million	Free of interest VND million	Less than 1 month VND million	From 1 to 3 months VND million	From over 3 to 6 months VND million	From over 6 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets									
Cash on hand, gold	-	463,755	-	-	-	-	-	-	463,755
Balances with the SBV	-	-	2,844,909	-	-	-	-	-	2,844,909
Deposits with and loans to other credit institutions	-	-	9,176,809	689,250	-	-	49,417	-	9,915,476
Held-for-trading securities – gross	-	144,141	-	-	-	-	-	-	144,141
Loans and advances to customers – gross (*)	704,233	-	9,223,671	25,122,690	2,157,748	12,289,548	471,120	845,937	50,814,947
Investment securities – gross	-	167,679	-	200,179	-	5,090	3,047,633	5,735,722	9,156,303
Capital contribution, long-term investments – gross	-	117,280	-	-	-	-	-	-	117,280
Fixed assets	-	822,156	-	-	-	-	-	-	822,156
Investment property	-	17,132	-	-	-	-	-	-	17,132
Other assets – gross	-	1,814,317	-	-	-	-	-	-	1,814,317
	704,233	3,546,460	21,245,389	26,012,119	2,157,748	12,294,638	3,568,170	6,581,659	76,110,416

Liabilities

Borrowings from the Government and the SBV	-	-	35	764	358	613	-	-	1,770
Deposits and borrowings from other credit institutions	-	-	11,412,662	865,214	-	1,103	23,381	138	12,302,498
Deposits from customers	-	1,501	16,425,948	11,498,194	14,147,904	10,716,916	1,395,743	901	54,187,107
Grants and entrusted funds received	-	-	-	-	116,750	-	11,964	-	128,714
Valuable papers issued	-	-	-	-	-	1,855,723	300,000	450,000	2,605,723
Other liabilities	-	1,603,110	-	-	-	-	-	-	1,603,110
	-	1,604,611	27,838,645	12,364,172	14,265,012	12,574,355	1,731,088	451,039	70,828,922

Interest sensitivity gap of balance sheet items

Interest sensitivity gap of off-balance sheet items	-	-	-	-	-	-	-	-	-
	704,233	1,941,849	(6,593,256)	13,647,947	(12,107,264)	(279,717)	1,837,082	6,130,620	5,281,494

Interest sensitivity gap on and off-balance sheet items

	704,233	1,941,849	(6,593,256)	13,647,947	(12,107,264)	(279,717)	1,837,082	6,130,620	5,281,494
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(*) Overdue debts are calculated on the basis of each repayment of each individual loan.

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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

The following table shows the average actual interest rates of interest bearing financial instruments with different terms and currencies:

As at 31 December 2019	Less than 1 month	From 1 to 3 months	From over 3 to 6 months	From over 6 to 12 months	From over 1 to 5 years	Over 5 years
Assets						
Balances with the SBV	0%-0.8%	(*)	(*)	(*)	(*)	(*)
▪ VND	0%-0.05%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currencies						
Deposits with and loans to other credit institutions	0%-4.5%	4%-5%	(*)	(*)	(*)	(*)
▪ VND	0%-2.2%	2.4%-2.6%	(*)	(*)	(*)	(*)
▪ Foreign currencies						
Loans and advances to customers	5%-30%	0%-30%	5%-20%	6.5%-12.95%	6-11.8%	(*)
▪ VND	2.33%-5.5%	3.2%-5.6%	3.2%-4.2%	(*)	(*)	(*)
▪ Foreign currencies						
Investment securities	6.60%	4.9%-9%	6.4%-8.8%	6.4%	6.1%-10.8%	3.5%-8%
▪ VND						
Liabilities						
Borrowings from the Government and the SBV	3.50%	3.50%	3.50%	3.50%	(*)	(*)
▪ VND						
Deposits and borrowings from other credit institutions	0%-9.6%	4%-11%	9%-10.5%	10.5%-10.9%	(*)	(*)
▪ VND	(*)	2.4%-2.6%	0.75%	(*)	(*)	(*)
▪ Foreign currencies						
Deposits from customers	0%-9.2%	4.5%-9.3%	0%-9.4%	6.29-9.4%	5.85%-9.3%	5.4%-7.6%
▪ VND	0%	0%	0%	0%	0%	0%
▪ Foreign currencies						
Grants and entrusted funds received	5.18%	(*)	(*)	(*)	(*)	(*)
▪ VND	(*)	3.56%	4.92%	(*)	(*)	(*)
▪ USD						
Valuable papers issued	(*)	(*)	7%-7.6%	7.6%-8.8%	8.5%-8.9%	7.5%-9.1%
▪ VND						

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

As at 31 December 2018	Less than 1 month	From 1 to 3 months	From over 3 to 6 months	From over 6 to 12 months	From over 1 to 5 years	Over 5 years
Assets						
Balances with the SBV						
▪ VND	1.2%	(*)	(*)	(*)	(*)	(*)
▪ Foreign currencies	0.05%	(*)	(*)	(*)	(*)	(*)
Deposits with and loans to other credit institutions						
▪ VND	0%-5.3%	5.1%-5.4%	(*)	(*)	0%	(*)
▪ Foreign currencies	0%-2.8%	2.7%-2.8%	(*)	(*)	(*)	(*)
Loans and advances to customers						
▪ VND	0% - 30%	0% - 30%	0%-30%	3.7%-17%	6%-20%	5%-13.9%
▪ Foreign currencies	3.0%-5.2%	2.5%-5.2%	2.8%-4.3%	3.7%	(*)	(*)
Investment securities						
▪ VND	(*)	8.0%-9.75%	(*)	9%	5.2%- 10.8%	5.2%- 10.8%
Liabilities						
Borrowings from the Government and the SBV						
▪ VND	3.5%	3.5%	3.5%	3.5%	(*)	(*)
Deposits and borrowings from other credit institutions						
▪ VND	0%-5.3%	3.5%-6.1%	3.5%	3.5%-10.6%	9.2%-10.8%	(*)
▪ Foreign currencies	2.4%-2.8%	2.7%-2.8%	(*)	(*)	(*)	0.75%
Deposits from customers						
▪ VND	0%-8.5%	4.5%-8.9%	0%-9.1%	1.0%-9.0%	5.85%-9.4%	5.4%-7.4%
▪ Foreign currencies	0%	0%	0%	0%	0%	0%
Grants and entrusted funds received						
▪ VND	(*)	(*)	(*)	(*)	4.97%	(*)
▪ USD	(*)	(*)	(*)	(*)	5.46%	(*)
Valuable papers issued						
▪ VND	(*)	(*)	(*)	7.5%-8.7%	7.6%	8.6%

(*) These items have nil balance at the end of the annual accounting period.

Interest rate sensitivity analysis

The Group has not performed the sensitivity analysis for interest rates at 31 December 2019 and 31 December 2018 because there are no specific guidelines and regulations of the State Bank of Vietnam and other competent authorities.

(ii) Currency risk

Currency risk is the risk arising from changes in foreign exchange rates to VND, the Group's accounting currency, which may affect the value of the financial instruments or may cause volatility in the Group's earnings. The Group manages currency risk by setting limits on currency exposure. These limits include open position limit, open position limit for each currency.

The main transactional currency of the Group is VND. Financial assets and liabilities of the Group are denominated mainly in VND, partially in USD, EUR and gold. The Group sets limits on position of each currency. The currency position is monitored daily to ensure that the currency position is within the set limit.

The followings are the significant exchange rates applied by the Group at the reporting date:

	Exchange rate as at	
	31/12/2019	31/12/2018
USD/VND	23,180	23,350
EUR/VND	25,992	26,519
GBP/VND	30,450	29,589
CHF/VND	23,947	23,605
JPY/VND	213,00	209,98
SGD/VND	17,225	16,966
CAD/VND	17,771	17,007
AUD/VND	16,242	16,330
HKD/VND	2,977	2,960
KRW/VND	20	-
XAU/VND (one tenth of a tael)	4,257,500	3,646,500

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

As at 31 December 2019

Assets	VND million	USD million	Gold VND million	EUR million	Other currencies VND million	Total VND million
Cash on hand, gold	788,751	142,853	1,477	4,249	8,340	945,670
Balances with the SBV	2,957,480	97,989	-	-	-	3,055,469
Deposits with and loans to other credit institutions – gross	10,503,631	1,284,347	-	1,804	5,872	11,795,654
Held-for-trading securities – gross	144,141	-	-	-	-	144,141
Loans and advances to customers – gross	66,826,069	719,584	-	-	-	67,545,653
Investment securities – gross	7,430,331	-	-	-	-	7,430,331
Capital contribution, long-term investments – gross	115,280	-	-	-	-	115,280
Fixed assets	882,577	-	-	-	-	882,577
Investment property	57,513	-	-	-	-	57,513
Other assets – gross	3,561,379	22,309	-	-	-	3,583,688
Total assets (1)	93,267,152	2,267,082	1,477	6,053	14,212	95,555,976

Liabilities and equity

Borrowings from the Government and the SBV	1,512	-	-	-	-	1,512
Deposits and borrowings from other credit institutions	10,979,236	741,882	-	-	-	11,721,118
Deposits from customers	69,508,010	1,226,686	-	4,229	5,287	70,744,212
Derivatives and other financial liabilities	689,344	(684,626)	-	-	-	4,718
Grants and entrusted funds received	14,601	695,400	-	-	-	710,001
Valuable papers issued	4,412,123	-	-	-	-	4,412,123
Other liabilities	2,123,076	10,290	-	-	-	2,133,366
Capital and reserves	4,960,385	-	-	-	-	4,960,385
Total liabilities and equity (2)	92,688,287	1,989,632	-	4,229	5,287	94,687,435

FX position on-balance sheet [(3)-(1)-(2)]

FX position on-balance sheet [(3)-(1)-(2)]	578,865	277,450	1,477	1,824	8,925	868,541
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FX position off-balance sheet (4)

FX position on and off-balance sheet [(5)=(3)+(4)]	-	-	-	-	-	-
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Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

As at 31 December 2018	VND million	USD million	Gold million VND	EUR million	Other currencies million VND	Total VND million
Assets						
Cash on hand, gold	362,970	93,627	1,185	4,109	1,864	463,755
Balances with the SBV	2,765,527	79,382	-	-	-	2,844,909
Deposits with and loans to other credit institutions – gross	7,534,535	2,374,973	-	2,953	3,015	9,915,476
Held-for-trading securities – gross	144,141	-	-	-	-	144,141
Loans and advances to customers – gross	50,117,204	697,743	-	-	-	50,814,947
Investment securities – gross	9,156,303	-	-	-	-	9,156,303
Capital contribution, long-term investments – gross	117,280	-	-	-	-	117,280
Fixed assets	822,156	-	-	-	-	822,156
Investment property	17,132	-	-	-	-	17,132
Other assets – gross	1,799,726	14,591	-	-	-	1,814,317
Total assets (1)	72,836,974	3,260,316	1,185	7,062	4,879	76,110,416
Liabilities and equity						
Borrowings from the Government and the SBV	1,770	-	-	-	-	1,770
Deposits and borrowings from other credit institutions	10,644,509	1,657,989	-	-	-	12,302,498
Deposits from customers	53,186,409	996,460	-	3,130	1,108	54,187,107
Grants and entrusted funds received	11,964	116,750	-	-	-	128,714
Valuable papers issued	2,605,723	-	-	-	-	2,605,723
Other liabilities	1,595,127	7,983	-	-	-	1,603,110
Capital and reserves	4,230,082	-	-	-	-	4,230,082
Total liabilities and equity (2)	72,275,584	2,779,182	-	3,130	1,108	75,059,004
FX position on-balance sheet [(3)=(1)-(2)]	561,390	481,134	1,185	3,932	3,771	1,051,412
FX position off-balance sheet (4)	-	186,800	-	-	-	186,800
FX position on and off-balance sheet [(5)=(3)+(4)]	561,390	667,934	1,185	3,932	3,771	1,238,212



Below is the analysis of impact to net profit of the Group after consideration the current foreign exchange rate and the fluctuations in the past as well as market expectation at the reporting date.

	Effect to net profit Increase/(decrease) VND million
As at 31 December 2019	
USD (strengthening by 1%)	2,220
EUR (weakening by 2%)	(29)
XAU (strengthening by 17%)	201
	<hr/>
As at 31 December 2018	
USD (strengthening by 3%)	16,030
EUR (weakening by 2%)	(63)
XAU (strengthening by 1%)	9
	<hr/>

(iii) Equity price risk

Equity price risk is the risk that the market value of securities decreases due to changes in price of individual securities. Equity price risk derives from held-for-trading listed equity securities of the Group.

Held-for-trading listed equity securities of the Group bear the equity price risk resulting from the uncertainties in fluctuation of equity price in the future of these securities. The Group manages the equity price risk by diversification and prudence in selection of investment securities within the approved limit.

As at 31 December 2019 and 31 December 2018, the Group does not have any impact of equity price risk because the Group does not holds insignificant held-for-trading listed equity securities at the reporting date.

(d) Liquidity risk

Liquidity risk is the risk that (i) the Group will be unable to meet its payment obligations when they fall due or (ii) the Group has ability to meet its payment obligations but has to bear significant financial loss to perform its obligations.

Management of liquidity risk

The Group's purpose of the liquidity risk management is to ensure maximum that the Group has ability to meet its payment obligations on due date, under normal and stress circumstances, without any unexpected loss which may affect to the Group's reputation.

To mitigate the liquidity risk, the Group maintains a appropriate structure of liabilities and assets, enhance the ability of raising fund from various sources. The Group manages the assets with high liquidity, and monitor future cash flows and liquidity on a daily basis. The assessment of expected cash flows together with the availability of high quality collaterals are deemed as a secured additional fund.

In addition, the Group maintains deposits at the SBV in accordance with prevailing regulation relating to compulsory reserve ratio as well as comply with solvency ratios, ratio of short term funding used for medium and long-term lending and other safety ratios stipulated by the SBV.

Analysis of the maturity of financial assets and financial liabilities

The maturity of assets and liabilities represents the remaining term of assets and liabilities from the reporting date to the maturity date specified in contracts or issuance provisions.

The following assumptions and conditions are applied in analysing the maturity of assets and liabilities of the Group:

- Balances with the SBV are classified as demand deposits, in which compulsory reserve is included. The balance of compulsory reserve depends on elements and term of deposits from customers.
- The maturity of deposits with and loans to other credit institutions, derivative financial instruments, other financial assets/liabilities and loan and advances to customers are determined based on the contractual maturity date. The actual maturity date can be changed as the loan contracts are extended.
- The maturity of investment securities is determined based on the maturity date of each securities.
- The maturity of capital contribution, long-term investments is categorised over 5 years because these investments do not have exact maturity date and the Group has intention to hold them for long-term.
- The maturity of fixed assets is categorised over 5 years because the Group has intention to hold them for long-term.
- The maturity of deposits and borrowings from other credit institutions and deposits from customers is determined based on the characteristic of each item or the maturity date specified in the contracts. Demand deposits from other credit institutions and customers are performed as requests of customers, therefore, categorised as demand deposits. The maturity term of borrowings and term deposits are determined based on contractual maturity date. In reality, the borrowings and term deposits may rollover so actual maturities may be longer than the original contractual term.

Below is the analysis of assets and liabilities of the Group classified into maturity groups based on the remaining terms from the end of the annual accounting period until the maturity date. In reality, the maturity dates of assets and liabilities might be different from commitment, depending on the appendices signed.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

As at 31 December 2019	Overdue		Current		From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
	Overdue over 3 months VND million	Overdue up to 3 months VND million	Up to 1 month VND million	From over 1 to 3 months VND million			
Assets							
Cash on hand, gold	-	-	945,670	-	-	-	945,670
Balances with the SBV	-	-	3,055,469	-	-	-	3,055,469
Deposits with and loans to other credit institutions – gross	-	-	9,127,236	2,459,760	159,241	-	11,795,654
Held-for-trading securities – gross	-	-	144,141	-	-	-	144,141
Loans and advances to customers – gross (*)	841,800	3,028,185	4,532,582	4,976,156	7,943,833	10,318,579	67,545,653
Investment securities – gross	-	-	100,054	470,067	1,923,797	4,386,247	7,430,331
Capital contribution, long-term investments – gross	-	-	-	-	-	115,280	115,280
Fixed assets	-	-	-	-	-	882,577	882,577
Investment property	-	-	-	-	-	57,513	57,513
Other assets – gross	-	-	750,701	262,479	282,342	48,914	3,563,688
Total assets (1)	841,800	3,028,185	18,655,853	8,168,462	10,309,213	15,809,110	95,555,976
Liabilities							
Borrowings from the Government and the SBV	-	-	35	764	-	-	1,512
Deposits and borrowings from other credit institutions	-	-	9,242,371	2,460,149	16,829	-	11,721,118
Deposits from customers	-	-	18,840,198	13,477,179	3,455,058	1,692	70,744,212
Derivatives and other financial liabilities	-	-	(36)	5,042	(288)	-	4,718
Grants and entrusted funds received	-	-	-	463,600	116,088	4,950	710,001
Valuable papers issued	-	-	-	-	1,096,670	1,639,940	4,412,123
Other liabilities	-	-	771,603	441,795	162,260	18,013	2,133,366
Total liabilities (2)	-	-	28,854,171	16,848,529	5,434,023	1,664,595	89,727,050
Net liquidity gap [(3)=(1)-(2)]	841,800	3,028,185	(10,198,318)	(8,680,067)	4,874,190	14,144,515	5,828,926

19/12/2019

M.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

As at 31 December 2018	Overdue Overdue over 3 months VND million	Overdue Overdue up to 3 months VND million	Up to 1 month VND million	From over 1 to 3 months VND million	Current From over 3 to 12 months VND million	From over 1 to 5 years VND million	Over 5 years VND million	Total VND million
Assets								
Cash on hand, gold	-	-	463,755	-	-	-	-	463,755
Balances with the SBV	-	-	2,844,909	-	-	-	-	2,844,909
Deposits with and loans to other credit institutions – gross	-	-	9,176,809	689,250	-	49,417	-	9,915,476
Held-for-trading securities – gross	-	-	144,141	-	-	-	-	144,141
Loans and advances to customers – gross (*)	299,731	404,502	1,923,523	6,454,189	27,126,832	7,040,628	7,565,542	50,814,947
Investment securities – gross	-	-	-	200,179	51,280	3,169,122	5,735,722	9,156,303
Capital contribution, long-term investments – gross	-	-	-	-	-	-	117,280	117,280
Fixed assets	-	-	-	-	17,132	-	822,156	822,156
Investment property	-	-	-	-	-	-	-	17,132
Other assets – gross	-	-	226,371	243,701	740,890	235,977	367,378	1,814,317
Total assets (1)	299,731	404,502	14,779,508	7,587,319	27,936,134	10,495,144	14,608,078	76,110,416
Liabilities								
Borrowings from the Government and the SBV	-	-	35	764	971	-	-	1,770
Deposits and borrowings from other credit institutions	-	-	11,412,662	865,214	1,103	23,381	138	12,302,498
Deposits from customers	-	-	16,427,449	11,498,194	24,864,820	1,395,743	901	54,187,107
Grants and entrusted funds received	-	-	-	-	-	128,714	-	128,714
Valuable papers issued	-	-	-	-	-	534,130	2,071,593	2,605,723
Other liabilities	-	-	626,995	340,748	466,905	37,609	130,853	1,603,110
Total liabilities (2)	-	-	28,467,141	12,704,920	25,333,799	2,119,577	2,203,485	70,828,922
Net liquidity gap [(3)=(1)-(2)]	299,731	404,502	(13,687,633)	(5,117,601)	2,602,335	8,375,567	12,404,593	5,281,494

(*) Overdue debts are calculated on the basis of each repayment of each individual loan.

(d) Fair value versus carrying amount

Fair value is the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement point.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheet at the reporting date, are as follows:

	31/12/2019		31/12/2018	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
<i>Categorised as financial assets are determined at fair value through the statement of income:</i>				
▪ Held-for-trading securities	127,921	(*)	63,324	65,428
<i>Categorised as held-to-maturity investments:</i>				
▪ Government bonds	2,529,771	(*)	4,025,424	(*)
▪ Debt securities issued by other local credit institutions	569,459	(*)	1,127,154	(*)
▪ Special bonds issued by VAMC	-	-	58,526	(*)
<i>Categorised as loans and receivables:</i>				
▪ Cash in hand, gold	945,670	945,670	463,755	463,755
▪ Balances with the SBV	3,055,469	3,055,469	2,844,909	2,844,909
▪ Deposits with and loans to other credit institutions	11,795,654	(*)	9,866,059	(*)
▪ Loans and advances to customers	66,751,987	(*)	50,042,960	(*)
▪ Receivables	241,905	(*)	414,448	(*)
▪ Accrued interest and fees receivable	1,315,261	(*)	1,177,679	(*)
<i>Categorised as available-for-sale securities:</i>				
▪ Government bonds	1,716,797	(*)	1,716,374	(*)
▪ Debt securities issued by other local credit institutions	1,795,904	(*)	1,311,272	(*)
▪ Debt securities issued by other local economic entities	812,262	(*)	802,337	(*)
▪ Capital contribution, long-term investments	110,220	(*)	114,145	(*)
▪ Other financial assets	24,470	24,470	41,087	41,087

	31/12/2019		31/12/2018	
	Carrying amount VND million	Fair value VND million	Carrying amount VND million	Fair value VND million
<i>Categorised as financial liabilities carried at amortised cost:</i>				
▪ Derivatives and other financial liabilities	(4,718)	(*)	-	-
▪ Borrowings from the Government and SBV	(1,512)	(*)	(1,770)	(*)
▪ Deposits and borrowings from other credit institutions	(11,721,118)	(*)	(12,302,498)	(*)
▪ Deposits from customers	(70,744,212)	(*)	(54,187,107)	(*)
▪ Grants and entrusted funds received	(710,001)	(*)	(128,714)	(*)
▪ Valuable papers issued	(4,412,123)	(*)	(2,605,723)	(*)
▪ Accrued interest and fees payable	(1,679,219)	(*)	(1,223,884)	(*)
▪ Other financial liabilities	(271,049)	(*)	(269,050)	(*)

- (*) The Group has not determined fair values of these financial assets and liabilities because there are currently no specific guidance or regulations of the State Bank of Vietnam and other competent authorities on the determination of fair value of the financial instruments.

44. Segment reporting

(a) Primary segment

Information on primary segment by geographical areas of the Group is presented as follows:

	The Northern Region VND million		The Central Region VND million		The Southern Region VND million		Elimination VND million		Total VND million	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
I. Income	1,085,375	641,168	1,837,698	1,479,537	16,113,405	11,569,887	(11,475,329)	(8,152,797)	7,561,149	5,537,795
1. Interest income	1,080,387	637,567	1,811,821	1,455,942	15,703,955	11,305,993	(11,475,329)	(8,152,797)	7,120,834	5,246,705
2. Fees and commission income	2,413	1,857	13,890	9,098	144,206	102,094	-	-	160,509	113,049
3. Income from other activities	2,575	1,744	11,987	14,497	265,244	161,800	-	-	279,806	178,041
II. Expenses	(1,010,624)	(602,920)	(1,714,687)	(1,263,696)	(15,398,763)	(11,182,155)	11,475,329	8,152,797	(6,648,745)	(4,895,974)
1. Interest expense	(924,301)	(542,055)	(1,537,087)	(1,136,761)	(13,948,639)	(10,014,073)	11,475,329	8,152,797	(4,934,698)	(3,540,092)
2. Depreciation expenses	(2,952)	(1,540)	(8,932)	(5,378)	(63,162)	(76,900)	-	-	(75,046)	(83,818)
3. Operating expenses	(83,371)	(59,325)	(168,668)	(121,557)	(1,386,962)	(1,091,182)	-	-	(1,639,001)	(1,272,064)
Operating profit before allowance expenses for credit losses	74,751	38,248	123,011	215,841	714,642	387,732	-	-	912,404	641,821
Allowance expenses for credit losses	(11,072)	(18,757)	48,308	(99,537)	(25,094)	219,436	-	-	12,142	101,142
Segment profit before tax	63,679	19,491	171,319	116,304	689,548	607,168	-	-	924,546	742,963

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

	The Northern Region		The Central Region		The Southern Region		Elimination		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
III. Assets										
1. Cash on hand, gold	1,421,886	1,096,748	8,702,921	6,712,551	84,562,628	67,249,705	-	-	94,687,435	75,059,004
2. Deposits with other credit institutions	101,363	53,792	212,459	96,841	631,848	313,122	-	-	945,670	463,755
3. Loans and advances to customers	141	14	1,161	947	11,794,352	9,865,098	-	-	11,795,654	9,866,059
4. Investment securities	1,275,310	1,016,009	8,193,419	6,431,337	57,283,258	42,595,614	-	-	66,751,987	50,042,960
5. Fixed assets	10,595	5,469	89,858	80,368	782,124	736,319	-	-	7,424,193	9,041,087
6. Other assets	34,477	21,464	206,024	103,058	6,646,853	4,698,465	-	-	882,577	822,156
IV. Liabilities										
1. Deposits and borrowings from other credit institutions and the SBV	14,472,083	9,096,772	13,024,650	9,927,923	62,230,317	51,804,227	-	-	89,727,050	70,828,922
2. Deposits from customers	1,000,764	500,331	8,499	3,836	10,713,367	11,800,101	-	-	11,722,630	12,304,268
3. Grants and entrusted funds received	12,620,021	8,124,338	11,902,377	9,141,020	46,221,814	36,921,749	-	-	70,744,212	54,187,107
4. Valuable papers issued	474,163	232,983	781,294	539,550	3,156,666	1,833,190	-	-	710,001	128,714
5. Other liabilities	377,135	239,120	332,480	243,517	1,428,469	1,120,473	-	-	4,412,123	2,605,723

(b) Secondary segment

The Group mainly operates in one business segment which is commercial banking.

45. Commitments

(a) Capital expenditure commitments

At the reporting date, the Group had the following outstanding capital commitments approved but not recorded in the consolidated balance sheet:

	31/12/2019 VND million	31/12/2018 VND million
Approved and contracted	4,440	192,826

(b) Lease commitments

At the reporting date, the future minimum lease payments under non-cancellable operating leases were as follows:

	31/12/2019 VND million	31/12/2018 VND million
Within one year	56,168	33,667
Over one year to five years	253,700	107,966
More than five years	149,498	94,705
	459,366	236,338

46. Post balance sheet event

There were no significant events occurring after the end of the annual accounting period that would require adjustments or disclosures in the Group's consolidated financial statements.

2 March 2020

Prepared by



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Reviewed by



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Approved by



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 General Director